

**TESTIMONY**  
**BY**  
**COMMISSIONER**  
**MARIA TORRES-SPRINGER**  
**NEW YORK CITY**  
**DEPARTMENT OF SMALL BUSINESS SERVICES**  
**BEFORE THE**  
**COMMITTEE ON LAND USE**  
**OF THE**  
**NEW YORK CITY COUNCIL**  
**WEDNESDAY, MAY 6, 2015**

Good afternoon Chairman Greenfield and members of the Committee on Land Use. My name is Maria Torres-Springer and I am the Commissioner of the Department of Small Business Services ("SBS"). I am pleased to join the Department of City Planning ("DCP") Director and Chairman of the New York City Planning Commission Carl Weisbrod and the New York City Economic Development Corporation ("NYCEDC") President Kyle Kimball to discuss the administration's efforts to support and grow industrial and manufacturing ("I&M") businesses in New York City.

As the Mayor has stated, this administration is committed to smart, inclusive, five-borough economic growth - growth that benefits all New Yorkers and keeps New York a city defined by openness and innovation. Our efforts to bolster the industrial and manufacturing sector are central to this strategy. New York City's I&M sector employs 540,000 people, and accounts for 15.7 percent of the total workforce and 10.7 percent of Gross City Product. More than 300,000 jobs in the sector are in boroughs outside Manhattan, and over 80 percent of the workforce identifies as minorities and 60 percent is foreign-born. The average wage in the sector is \$73,000, and approximately 50 percent of the sector's jobs are available to individuals who do not have college degrees. These statistics portray a sector that is not only critical to the city's economy but also offers upward income mobility to so many New Yorkers.

This is why we are focused on ensuring we are using a broad range of tools to nurture and catalyze growth in the sector. Today, I will discuss SBS's plans to help businesses in this sector open, operate and grow. Then, I will talk about our efforts to train and connect jobseekers to opportunities in this sector. Chairman Weisbrod will then discuss DCP's role in devising land use policies that promote the economic vitality of all the city's business areas. Finally, President Kimball will describe EDC's strategy for utilizing its physical industrial assets and an array of programs to both catalyze job growth as well as promote inclusive innovation. As you will hear, we believe it is through a comprehensive set of tools involving business support, workforce development, land use, and real estate that we will be able to ensure not just the stability but also the vibrant growth of this critical sector.

At SBS, we seek to foster a thriving, equitable economy by connecting New Yorkers to good jobs, creating stronger businesses, and building a fairer economy. Supporting the industrial and manufacturing sector is a key focus of the Agency because, as I mentioned earlier, we know that often jobs in this sector offer good wages with real advancement opportunities. We also know, however, that industrial and manufacturing businesses face unique challenges in New York City, including increasing competition, real estate pressures, and a complex regulatory environment.

To support the growth of the industrial and manufacturing businesses in New York City, SBS provides direct business support through our network of NYC Business Solutions Centers. NYC Business Solutions Centers offer free business services such as business courses, pro-bono legal advising, recruitment services, training, and financing assistance across all five boroughs. Critical to this network are the Industrial Business Service Providers (“IBSP’s”), seven community-based not-for-profit organizations with whom SBS contracts that serve nine different areas covering 21 Industrial Business Zones and provide tailored assistance to industrial and manufacturing businesses in those areas.

In FY2015, the administration allocated approximately \$570,000 to this program, and the City Council allocated approximately \$830,000 for a total program budget of approximately \$1.4 million. As I stated in our Preliminary Budget hearing, it has been the goal of the administration to ensure predictable, dependable, and sufficient funding for this program. I am pleased to announce that tomorrow, Mayor de Blasio will include \$1.5 million per year in funding for IBSPs in the Executive Budget. This is more than double what the administration provided last year; it is a significant increase from the previous administration; and, importantly, it is base-lined funding, thereby allowing for more predictability and better planning for the use of these funds.

With this funding, our IBSP partners will be able to continue to support businesses with services related to financing, navigating government, selling to government, incentives and more. In addition, we believe there is an opportunity to:

- 1) Improve data collection and reporting on industrial and manufacturing businesses the IBSPs serve to help inform policy decisions;
- 2) Significantly expand outreach through more industrial-focused educational events and better feedback channels where businesses can regularly share their input; and finally,
- 3) With base-lined funding, plan more strategically for years to come on how we can deliver quality business support to the city’s industrial and manufacturing firms.

We will release an RFP this summer for multi-year contracts with the goal of starting new contracts by July 2016, and in the meantime will work to extend the current contracts for the upcoming fiscal year.

IBSPs are crucial to supporting industrial and manufacturing businesses, but they are not the only tools that SBS deploys. We are also exploring how we can use the Business Improvement District (“BID”) model to better support industrial and manufacturing clusters. BIDs can be effective ways to provide tailored services to a business community, and we believe in some cases, industrial areas may benefit

from a BID. For example, the Mayor recently signed into law the West Shore Industrial BID to provide sanitation and maintenance services, streetscape improvements and security services in the Bloomfield and Chelsea neighborhoods of Staten Island. The Industrial BID model may not be right for every industrial area, but it is a tool we can consider to support businesses in the industrial and manufacturing sector.

We also understand that for many business owners, New York City's regulatory environment can be challenging. Through the administration's initiatives like Small Business First, we are working to simplify the regulatory landscape many small businesses confront in opening and operating their businesses. These 30 recommendations build on the work SBS is already doing in our Division of Business Acceleration, which helps businesses cut through red tape. To further support the needs of industrial businesses, the Division of Business Acceleration expanded from the food industry and began serving industrial and manufacturing businesses last summer.

Another focus at SBS is ensuring that jobseekers can access good jobs with family-sustaining wages and upward career mobility. This is a core service for the agency because it allows us to help businesses access a qualified, well-trained workforce. We achieve this by connecting New Yorkers to training and employment opportunities through our network of sixteen Workforce1 Centers, including a Center in Jamaica, Queens specifically focused on serving the Industrial and Transportation sector. Last year, we connected 2,120 individuals to jobs in this sector. But, we know we have a profound opportunity to do more.

As you may be aware, the administration released the Career Pathways report last fall which is a blueprint for revamping the City's workforce development strategy away from rapid attachment toward quality jobs with real advancement opportunities. The Career Pathways report focuses on critical sectors of our economy, like technology and healthcare. As part of this initiative, SBS committed to creating an Industry Partnership for the industrial and manufacturing sector that will coordinate businesses, training providers, and community partners to drive training and increase quality placements in line with employer needs.

I am equally pleased to report that we will be establishing this Industry Partnership this summer and that the Executive Budget will also reflect resources to ensure we are able to establish this intermediary and provide meaningful training opportunities in this sector. The Industry Partnership will be critically important to our workforce development strategy in the sector – it will help shape policy, guide training



programs to maximize efficiency, and assure that the jobs generated by this sector, a sector that is rapidly transforming given technological advances, are filled by qualified New Yorkers.

One example of what will be coordinated by the industrial and manufacturing Industry Partnership is SBS' Customized Training program. Recently, the program awarded more than \$45,000 dollars to Manufacture New York to train workers in the fashion industry. The workers that receive the training will see increased wages, and learn new skills to help them in their current job and better prepare them for future jobs. Since FY2008, the Customized Training program has provided awards to help more than 110 industrial businesses and trained more than 4,150 workers who received average wage increases of approximately 13 percent.

This is exactly what we need to be doing more of – and what we are prepared to do – understanding what businesses need, connecting them with qualified candidates, providing critical training for the New York City workforce, and assuring workers have access to good jobs, with family-sustaining wages.

As I have outlined in my testimony, we provide a wide array of tools to help support businesses and jobseekers in the industrial and manufacturing sector. We are committed to helping these businesses grow and ensuring that our workforce benefits from that growth. We are always working to find innovative ways to expand our efforts, and we look forward to working with the Council and community partners as we implement the programs I described and develop new ones and continue to support this vitally important sector.

Thank you for giving me the opportunity to testify today.

## Questions for the Administration

### (Industrial Land Use Oversight – 5/6/15)

#### Status of Administration's Industrial Plan and Policy

Last June (2014), Deputy Mayor Glen submitted testimony to the Council's Economic Development Committee that "interagency work is already underway to take a fresh, comprehensive look at the suite of programs offered by the City that support industrial businesses and determine how to better serve the sector as a whole – from increasing availability of modern industrial space and bolstering highly-utilized industrial areas to improving active to existing programs and creating new financing resources to better aligning City support to the needs of industrial businesses."

Since then, we have repeatedly heard from the administration that an industrial plan is in progress and is "coming soon." On March 5<sup>th</sup>, over two months ago, the Mayor commented to *Crains* that an industrial policy would be announced "in the very near future."

- What is the current status of the administration's industrial economic development plan?
- Does this administration view the industrial sector as an important part of the City's economy in the present and the future?
- Will land use and zoning proposals be a part of the plan?

#### Problems with current M zoning

The policy of designating Industrial Business Zones without also changing the underlying zoning to protect industry from competing commercial uses has not been an effective strategy to promote the industrial sector. The growth of hotels, retail, entertainment, self-storage, and office uses in M zones and IBZs has continued to accelerate.

- Does the administration recognize that otherwise viable industrial businesses in M zones and IBZs are being displaced and/or locked out the real estate market by competing commercial development?
- Does the administration agree that core industrial areas should be protected from certain kinds of commercial development?
  - o Would a new zoning tool that protects core industrial areas by requiring special permits for certain types of commercial uses accomplish this?  
(Industrial Employment Districts)

### **Impact of speculation and uncertainty on industrial real estate**

We have heard, and we will hear again from the public today, that the administration's lack of clarity on industrial land use policy has encouraged real estate speculation in manufacturing zones and contributed to the rising cost of M-zoned real estate. The previous administration's commitment to maintaining the IBZ areas as industrial is being ignored as brokers, investors, and developers are increasingly viewing IBZ properties as future residential development sites.

- Is the administration aware of the impact that speculation is having on manufacturing zones, including within Industrial Business Zones?
- Does this administration support a continued commitment to maintaining IBZ areas as industrial?

### **New types of Mixed-Use Zones**

Land use data shows that the "MX" zones have not been effective at promoting mixed-use development, instead functioning as de facto residential rezonings.

- Does the administration agree that new kinds of mixed-use zoning are needed to promote mixed industrial, commercial, and residential neighborhoods?
- In what areas/neighborhoods does the administration think new kinds of mixed-use districts may be appropriate?
- Can you offer any details on the kind of districts you have been looking at?
  - o Mixed commercial-industrial districts?
  - o Required mixed residential-industrial in a single building ("vertical mixed use")?
  - o Required mixed residential-industrial on a district level?

### **Lack of capital investment and planning outside of City-owned industrial areas**

According to the Independent Budget Office<sup>1</sup>, from 2002-2013, the City invested over \$511 million in improving the Brooklyn Navy Yard, Brooklyn Army Terminal, and Hunts Point Terminal Market, compared to less than \$35 million spent on capital improvements in non-city owned industrial areas. According to the most recent job estimates from EDC, these three city-owned properties together hold roughly 560 companies and 15,550 employees.

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<sup>1</sup> Independent Budget Office. "City Support for the Industrial Sector." June 2014.  
<http://www.ibo.nyc.ny.us/iboreports/2014industrialspending.pdf>

In comparison, data from the New York State Department of Labor shows that the 20 Industrial Business Zones not including the Navy Yard are home to over 4,500 businesses and nearly 117,000 jobs in manufacturing, wholesale trade, transportation and utilities and an additional 2,000 businesses and 35,500 jobs in construction (*see committee briefing paper for table*). Although investments in the city-owned properties are necessary and to be applauded, there will never be enough space at city-owned properties for all the businesses that require it.

- Why has there been such little investment in infrastructure and planning in non-City owned industrial areas?
- Are there any plans to increase investment and planning in these areas?

### **Retaining firms that are moving to New Jersey and Long Island**

Recent press reports indicate a growing trend of industrial companies relocating to Long Island and New Jersey for lower real estate costs. While the shortcomings of current M zoning contribute to these decisions, there may be some instances where firms are looking to expand to larger sites at a lower real estate cost and such sites may be more feasible at a further distance away from core New York City areas.

- Has the City considered increasing efforts to relocate some of these firms to lower-cost manufacturing zones within the City? (such as the Bronx, East New York, Flatlands-Fairfield)

### **Commitment to the industrial waterfront**

Since 1992, City policy has defined six waterfront industrial areas -- the Brooklyn Navy Yard, Newtown Creek, Sunset Park, Red Hook, South Bronx, and Kill Van Kull -- as "Significant Maritime and Industrial Areas."

- Does the administration support maintaining these areas as industrial working waterfronts?
- What role does the administration see for the future of maritime industrial uses on the New York waterfront?
- Is the administration working on a strategy to increase the role of maritime freight?



Daniel A. Murphy  
*Chairperson*

Jeremy Laufer  
*District Manager*

**THE CITY OF NEW YORK  
BOROUGH OF BROOKLYN  
COMMUNITY BOARD #7**

Eric Adams  
*Borough President*

**New York City Council Land Use Committee Hearing –  
Oversight: Industrial Land Use and Zoning – Challenges and Opportunities  
City Hall  
May 6, 2015**

**Testimony given by Jeremy Laufer  
District Manager, Community Board 7/Brooklyn**

Good afternoon Chairman Greenfield and Council Members. My name is Jeremy Laufer and I am the District Manager of Community Board 7, representing the Sunset Park and Windsor Terrace sections of Brooklyn. The Community District includes the Brooklyn waterfront from the mouth of the Gowanus Canal to the 65<sup>th</sup> Street Rail Yard.

For decades, Community Board 7 has recognized the potential and importance of our industrial waterfront and we have sought to protect it from housing and other uses that could have a negative impact on jobs and industry in the community. Our Board has long planned for the revival of our waterfront and the benefits that a working waterfront, with recreation and access opportunities, can provide to the local, working class and poor community.

In December 2009, the New York City Council voted to support Community Board 7's 197-a Plan, "New Connections/New Opportunities," culminating a thirteen year process it took our Board to create the plan, negotiate with numerous City agencies over its call for specific policies and infrastructure needs and to see its approval through the City Planning Commission and the City Council. Our plan calls for an integration of public access and economic development along our waterfront with far-reaching benefits for our neighborhood residents. Our plan is often cited and it is gratifying to hear or read references made in various City and non-governmental proposals for our waterfront community.

However, it is important to remember that this plan was approved in 2009 and a great deal has changed on our waterfront since that time. New businesses, technologies and investments, infrastructure improvements, Hurricane Sandy, flooding and climate adaptations, a bankruptcy and a failure for a major RFP due to the economy, changes to the building code, the opening of our waterfront park among other changes have all taken place since our 197-a Plan was adopted. The document was a snapshot of what was occurring along our waterfront in 2009.

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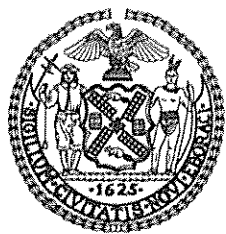
For example, our plan extensively discusses the long term contract Axis Auto Group signed to create an auto port at the South Brooklyn Marine Terminal, a proposal that would have created three to four hundred jobs. At the time it was proposed, in 2005, our Board voted in favor of the proposal as it seemed the best chance for revitalizing the Marine Terminal. Our 197-a Plan did not contemplate the current reality being negotiated because reality in 2009 was a thirty year contract for the site. As conditions have changed, it is important that the Community Board remain a partner in discussion for the site's use. The 197-a Plan is a guiding document but is not always responsive to a changing economy.

Another recent example was EDC's proposal last year to use half of the 58<sup>th</sup> Street Pier, at the time the only point of public access to our 2.5 mile long waterfront, for fuel barge storage. EDC contemplated eliminating half of our waterfront access because our 197-a Plan calls for property directly on the waterfront to be used only for water-borne economic activity or public access. Apparently EDC determined that our Board considers those two uses interchangeable. However, it should be up to the Community Board to determine which use is more compelling.

In addition, Community Board 7 has voted on allowing "big box" retail at Liberty View Plaza to cross-subsidize the industrial tenants of the building, continues to advocate for the full build out of our waterfront park, which is only 50% lost and have been promised new ferry service, fought against a housing facility on 2<sup>nd</sup> Avenue, partnered with community-based organizations to negotiate an agreement to reduce emissions from power plants while increasing power capacity, achieved the reopening of 29<sup>th</sup> Street and approved of a section of the Brooklyn Waterfront Greenway. These are examples of the new reality along our waterfront, but our Board took an active role in each and every issue and did not fall back solely on our 197-a Plan.

In their report and ultimate approval of CB 7's 197-a Plan, the City Planning Commission wrote, "The Commission applauds CB 7 for its comprehensive and thoughtful recommendations, backed by thorough research. The Commission also commends the Board and its 197-a Plan Committee for their collaborative approach in developing a 197-a plan responsive to the concerns of CD 7's residents, community organizations and businesses."

Our Board has lead and been recognized for its vision for the preservation and reawakening of Sunset Park's industrial waterfront and deserves a seat at the table when we discuss how new businesses and infrastructure will connect to and impact the residents of Community District 7. Our efforts continue beyond the approval of our plan.



THE NEW YORK  
CITY COUNCIL

MELISSA  
MARK-VIVERITO  
SPEAKER

November 2014

# Engines of Opportunity

Reinvigorating New York City's  
Manufacturing Zones for the 21st Century



THE COUNCIL OF  
THE CITY OF NEW YORK  
CITY HALL  
NEW YORK, NY 10007

MELISSA MARK-VIVERITO  
SPEAKER

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Dear Fellow New Yorkers,

After many years of decline we have started to see some very promising signs that the industrial sector is stabilizing and growing.

The importance of this part of our economy is clear. Industrial companies employ approximately 350,000 New Yorkers — nearly 10% of our private sector workforce. In Brooklyn and Queens, where industry is particularly threatened by real estate speculation, the jobs pay almost twice as much as the service sector jobs which often replace them. Industrial jobs provide a ladder to the middle class for many first generation immigrants who haven't had the opportunity to attend college.

Unfortunately our regulations haven't done enough to support these companies and workers.

It is time to take a fresh look with three key goals in mind:

- To preserve and grow the industrial base of our economy. In places where there is a strong concentration of industrial activity we need to create predictability for companies as they engage in long term business planning.
- To expand employment opportunities across New York City. We are seeing remarkable interest from a range of companies to build new buildings and retrofit existing buildings in neighborhoods across the City — some light manufacturing but others more associated with the creative economy. We need to create the conditions to support this kind of investment and ensure that surrounding communities are connected to these new jobs.
- To reinforce the diversity of people and companies that makes New York City so dynamic. In places where investors and local stakeholders are interested in supporting both new residential development and new commercial/light manufacturing space we need to create new zoning tools to require it.

All of these goals will translate into different strategies as we engage with communities in shaping their future but the recommendations detailed in this report represent a clear direction forward.

Sincerely

A handwritten signature in black ink, appearing to read "Melissa Mark-Viverito".

Melissa Mark-Viverito  
Speaker



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# Executive Summary



## Engines of Opportunity

**W**hen policy makers first began to regulate how and where New York City's economy would grow, the framework was clear. Many forms of economic activity, especially manufacturing with all of its noise and pollution, were fundamentally incompatible with residential neighborhoods and we needed to protect homes from industry.

Almost a century later our economy has transformed in fundamental ways but our rules have not kept up. For many reasons the industrial and manufacturing sectors are critical to our city's economic health. According to the US Bureau of Economic Analysis, every dollar in the final sale of manufactured products supports \$1.33 in additional output.<sup>1</sup> This is more than double the multiplier of sectors like retail (\$0.66) and professional/business services (\$0.61).

In Brooklyn and Queens, jobs in the wider industrial sector of manufacturing, wholesale trade, utilities, and transportation/warehousing pay an average salary of \$51,000 a year — more than twice the average salary of jobs in the retail, hospitality, and restaurant sectors.<sup>2</sup>

These jobs account for roughly 10% of New York City's private sector workforce.<sup>3</sup>

Although there has been a steep decline in manufacturing employment over the last several decades, if we look more closely, many subsectors of the manufacturing economy are doing well. Total manufacturing employment in New York City has stabilized since 2010 and is showing new signs of growth.<sup>4</sup>

**Industrial Sector vs. Retail, Restaurant, Hotel Sectors in Brooklyn and Queens**  
(2013 US BLS QCEW DATA)

So how do we continue to nurture and support growth in the manufacturing sector and protect these jobs while continuing to diversify our economy?

What is the role of land use policy?

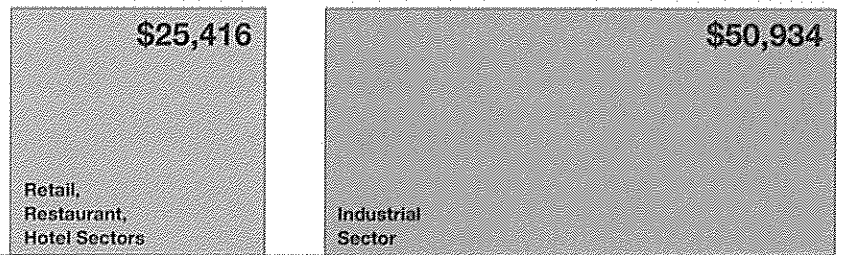
This report outlines a series of recommendations to help bring our zoning regulations in line with a broader economic development strategy. The existing zoning in many places is woefully out of date: not providing sufficient protections for essential industry, failing to provide a framework for the growth of job centers across New York City, and missing opportunities to integrate a range of housing options with other diverse uses.

To address these challenges we're proposing new approaches to thinking about our manufacturing districts. These approaches will need to be refined based on the specific factors at play in each neighborhood but provide a framework for creating new engines of opportunity. It's clear that we don't have the regulatory tools at our disposal to address these goals so we're recommending three new mechanisms.

**1) Industrial Employment District** – A zoning district which provides the space for those industries which are critical to the economic well-being of thousands of New Yorkers and the health of the overall economy. In places where a concentration of manufacturing/industrial activity exists — in many of the existing “Industrial Business Zones” for instance — a re-writing of the use regulations to focus on the protection and growth of these industries is essential, as is allowing for additional density to create the option for more space for new and existing firms to expand. Combined with strategic incentives and targeted enforcement, these districts will provide a stable regulatory framework for investment.

**2) Creative Economy District** – A dynamic new combination of industrial space and commercial office space. These creative economy districts would no longer be hindered by competition with incompatible uses like mini-storage or nightlife or blocked-out by unproductive warehousing of property in hope of future residential rezoning. With the additional density, property owners would gain much more lucrative development opportunities than under the current zoning while

**Average Annual Wages**



*Industrial Sector includes manufacturing, wholesale trade, transportation and warehousing, and utilities*

growing the City's employment base. Robust workforce development strategies will need to be implemented in tandem with these new districts to ensure a wide variety of New Yorkers will have access to these new jobs.

**3) A Real Mixed Use District** – Mixed-use industrial-residential-commercial neighborhoods like parts of SoHo or Long Island City or Williamsburg or the Gowanus have a unique dynamism that has made them tremendously desirable. Other cities are increasingly trying to emulate the dynamic synergy of these mixed-use neighborhoods. The creation of the “MX” zone acknowledged the value of mixed-use neighborhoods and tried to find a solution that could increase the residential capacity while maintaining their dynamism. Unfortunately because MX allows but does not require a mixture of uses, the economics of real estate have lead residential development to dominate and displace other uses. A zone which supports and requires the creation of commercial and compatible industrial space alongside residential would create dynamic new neighborhoods instead of just residential development.

Zoning tools alone do not offer a complete solution for strengthening the industrial sector and local economic development. Coordinating infrastructure investment, linking workforce development with new job creation, deploying incentives strategically, and partnering with non-profits/ manufacturing advocates to help grow the sector are all necessary to unleash the full potential of our neighborhood economies.

But thinking differently about our regulations is a crucial first step in reinvigorating our manufacturing zones for a new century of growth that will benefit all New Yorkers. ●

Manufacturing employment in New York City has stabilized since 2010 and is showing new signs of growth.



# Background

"The West Street and North River Piers,"  
1916. New York Public Library



## History of Industrial Land Use Policy

**A**s the nation's premier port and commercial center during the height of American manufacturing power, New York City was a mecca of industry from the 19th to the mid-20th centuries. From the garment producers and printers of the Manhattan loft districts, to the sugar refineries and heavier industries of the East River waterfront, the manufacturing sector was the city's dominant economic engine. New York's population exploded from less than 700,000 in 1850 to over 4.7 million in 1910. During this same period, the city's manufacturing employment grew at an even faster rate — from roughly 45,000 to over 870,000.<sup>5</sup>

By 1910, 40% of all jobs in New York were in the manufacturing sector. New York produced a tremendous variety of goods for consumption in its own market, the nation, and the world. With virtually unlimited quantities of raw materials entering the city and inexpensive shipping for finished goods to leave, New York was the City of Industry powered by its premier seaports.<sup>6</sup>

During this period of exponential growth, manufacturing firms were free to locate anywhere in the city. This lack of

## 1916 Zoning Resolution

<b>Residence Districts</b>	Only for dwellings, clubs, churches, schools, libraries, museums, philanthropic institutions, hospitals, railroad passenger stations, farming and nurseries.
<b>Business Districts</b>	All the uses in residence districts allowed, as well as businesses, except for those that use heavy industrial processes (for example, chemical manufacturing, dry cleaning, metal working, printing, stone cutting). No "industry or use that is noxious or offensive by reason of the emission of odor, dust, smoke, gas, or noise." If manufacturing does not include any of the above, it may occur in up to 25% of the floor area.
<b>Unrestricted</b>	All uses permitted.

control on manufacturing growth over time created conflicts between industrial and commercial property owners in the city's business districts.<sup>7</sup>

### ZONING RESOLUTION OF 1916 – REIGNING IN INDUSTRY'S GROWTH

As the warehouses and factories began to creep closer to the high-end "Ladies Mile" retail district in Manhattan, New York's policy makers took action and enacted the Zoning Resolution of 1916.<sup>8</sup>

The Zoning Resolution of 1916 was the first comprehensive zoning in the nation. It established regulations on height and setbacks and created three types of zoning use districts. "Residence Districts" allowed only dwellings, community facilities, and hospitals. The second use type, "Business Districts," prohibited all "noxious or offensive" uses (including a long list of specific industrial processes), and therefore excluded nearly all manufacturing businesses, which were relegated to the so-called "unrestricted" zones.<sup>9</sup> The Zoning Resolution of 1916 codified the principle of a hierarchy of separate uses with residential requiring the greatest degree of separation, commercial in the middle, and industrial at the bottom.

By prohibiting the spread of manufacturing in much of Manhattan, the Zoning Resolution of 1916 accelerated the growth of industry along the waterways and freight rail lines of the outer

Industrial Map of New York City, prepared by the Industrial Bureau of the Merchants' Association of New York, 1922. New York Public Library.



boroughs of Brooklyn, Queens, and the Bronx.<sup>10</sup> Manufacturing continued to dominate the city's economy throughout the first half of the 20th century, with jobs peaking at nearly 1,000,000 in the immediate post-war period.

### ZONING RESOLUTION OF 1961 – SEPARATION OF USES

In 1961, New York enacted a new, much more comprehensive and detailed Zoning Resolution. Following the prevailing ideology of the time, the Zoning Resolution of 1961 further emphasized separation of uses and the "towers in the park" model of modern high-rise office and residential development.<sup>11</sup> This period also saw the emergence of the environmental movement and a strong backlash against noxious industrial pollution.

The city was divided between residential, commercial, and a new category of manufacturing districts to replace the "unrestricted" zones. Although New York's Zoning Resolution is often described as a "living document" that has been edited thousands of times, the 1961 use groups

**1961 Zoning Resolution**

**NYC Zoning Resolution**

**Manufacturing Districts: Uses Permitted As-Of-Right**

<b>Residential Districts</b>	Ten types of district — R1 through R10 — reflecting various densities  Only residences and community facilities allowed
<b>Commercial Districts</b>	Eight types of district — C1 through C8 — reflecting various densities and use types  Residential and community facilities permitted as-of-right in C1 through C6  Some types of light industrial uses permitted in C5, C6, C8
<b>Manufacturing Districts</b>	Three types of district — M1 through M3 — reflecting various levels of industrial performance standards (emissions, noise etc.)  Most community facilities and commercial uses, including hotels, permitted as-of-right in M1  Many types of commercial uses, but not hotels also permitted in M2, M3  Highly hazardous/noxious industrial uses restricted to M3

<b>M1</b>	Certain types of community facilities such as hospitals and non-profit institutions.  Hotels  Most kinds of retail, certain stores like supermarkets limited to 10,000 sqf  Restaurants, bars, entertainment venues  Athletic facilities  Office buildings  Wholesalers and storage facilities  High-performance industrial and manufacturing (no noxious emissions or safety hazards)  Heavy industrial activities allowed if performance standards are met
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<b>M2</b>	Most kinds of retail, certain stores like supermarkets limited to 10,000 sqf  Restaurants, bars, entertainment venues  Athletic facilities  Office buildings  Wholesalers and storage facilities  Heavy industrial activities allowed if performance standards (less restrictive than M1) are met
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<b>M3</b>	Most kinds of retail, certain stores like supermarkets limited to 10,000 sqf  Restaurants, bars, entertainment venues  Athletic facilities  Office buildings  Wholesalers and storage facilities  All industrial activities allowed
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and principle of separation of uses remain a fundamental principle of this law to this day.

Manufacturing districts were divided into three basic categories based on the level of “objectionable influences and hazards”: “M1” for high performance (less polluting/noisy) manufacturing, “M2” for medium performance, and “M3” for low performance and open industrial uses like power plants and scrapyards.<sup>12</sup> Other undesirable uses like trucking, warehousing, and waste transfer were also relegated to the manufacturing districts.

The City’s stated reasons for creating separate manufacturing districts in 1961 were to protect residential and commercial areas from noxious emissions and noise, to encourage industry to have higher performance, to reduce congestion by limited bulk and requiring off-street parking, and to protect manufacturing uses from competing uses. In this last regard, the Zoning Resolution of 1961 specifically asserted the following goals:

*“To provide sufficient space, in appropriate locations, to meet the needs of the City’s expected future economy for all types of manufacturing and related activities, with due allowance for the need for a choice of sites... To provide, as far as possible, that such space will be available for use for manufacturing and related activities... To promote the stability of manufacturing and related development, to strengthen the economic base of the City, to protected the character of the district and its peculiar suitability for*

**1980 – “In-Place Industrial Parks”**

*particular uses, to conserve the value of land and buildings, and to protect the City’s tax revenues.”*

Despite this extensive language on protecting and separating manufacturing uses, the 1961 Zoning Resolution permitted many types of community facility and nearly all kinds of commercial activity, including hotels, restaurants, and retail, to locate in manufacturing zones. It appears as if policymakers did not conceive of hotels, restaurants, and large-scale retail ever having interest in locating in manufacturing zones and competing for space with industry.

**1970’S - DECLINE OF NEW YORK MANUFACTURING**

New York’s manufacturing employment remained above 800,000 until a steep decline began in the early 1970’s.<sup>13</sup> The factors behind the rapid decline of the manufacturing economy are numerous and interconnected. The shift of freight transportation from railroad to truck meant that factories no longer had to locate near ports or rail facilities, and the planned relocation of the region’s port facilities to New Jersey further reduced the city’s locational advantages.<sup>14</sup> New transportation and communication technologies spurred not only the move out of the city to the suburbs but also the relocation of production to cheaper labor markets (in Latin America and Asia, what became to be known as the larger trend of “globalization.”

In 1974, city planners took action to try to arrest industry’s decline and further protect manufacturing zones by requiring special permits for large retailers over 10,000 square feet such as department stores, supermarkets, and furniture stores that had previously been able to locate in them as-of-right.<sup>15</sup> During the 1970’s the City also established several innovative mixed-use districts, such as the Northside Special Mixed Use District in Williamsburg and Special Tribeca Mixed Use District in Manhattan, which aimed to control and stabilize a balance of industrial and residential uses in certain neighborhoods.<sup>16</sup>

But these planning actions were no match for the global economic changes that were causing the decline of New York manufacturing during this period. By 1980, New York’s manufacturing employment had fallen to less than 500,000.<sup>17</sup> In

New incentives and Local Development Corporations designated for eight industrial clusters:

Brooklyn	East New York	East Williamsburg	Sunset Park
Bronx	Bathgate	Port Morris	Hunts Point
Queens	Long Island City	Jamaica	

a further effort to try to improve conditions for the sector, the City initiated the “In-Place Industrial Parks” program which established new incentives and designated Local Development Corporations to help coordinate services for the eight strongest manufacturing clusters: Bathgate, Port Morris, and Hunts Point in the Bronx, East New York, East Williamsburg, and Sunset Park in Brooklyn, and Jamaica and Long Island City in Queens.<sup>18</sup>

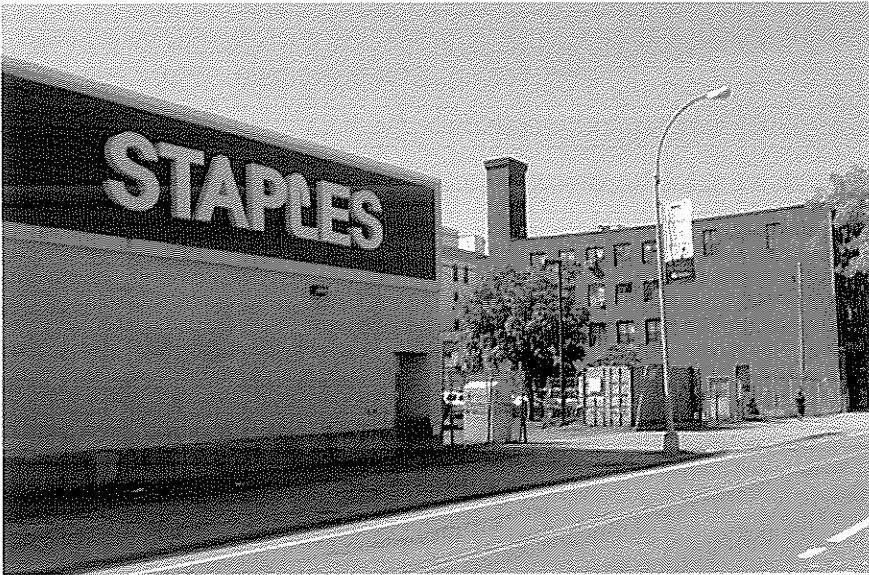
In spite of this initiative, manufacturing employment in New York City continued to plummet throughout the 1980’s and by 1990 only 261,000 jobs remained.<sup>19</sup> The severity and swiftness of the decline led to a widespread perception among policymakers that industry in New York was inevitably vanishing. The city’s future instead lay in the information and service economy of finance, real estate, hospitality, and tourism, the new central functions of a “global city.”<sup>20</sup>

**1990’S – BIG BOX STORES ENCOURAGED, “MX” SPECIAL MIXED USE ZONE CREATED**

In 1993 the Department of City Planning published its “Citywide Industry Study,” a report that concluded that manufacturing in New York City was facing inevitable decline due to obsolete infrastructure and global restructuring. It did not envision a significant future for industry and instead recommended that the City reduce the amount of land zoned for manufacturing.<sup>21</sup> The Giuliani administration took up these recommendations and actively encouraged big box stores like the Home Depot and Staples to locate on manufacturing-zoned land as part of an effort to recapture chain retail spending that had moved to the suburbs.<sup>22</sup> In 1996 the Giuliani administration tried to push through a rezoning that would allow huge big-box stores up to 200,000 square feet to locate as-of-right in manufacturing zones

The severity and swiftness of the decline led to a widespread perception among policymakers that industry in New York was inevitably vanishing.

## Staples, Gowanus



but the effort was halted by the City Council.<sup>23</sup>

In 1997, the Giuliani administration created the "Special Mixed-Use District" or "MX" zone in order to "encourage investment in, and enhance the vitality of, existing neighborhoods with mixed residential and industrial uses in close proximity and create expanded opportunities for new mixed use communities."<sup>24</sup> The "MX" zone permitted residential, commercial, or light industrial uses as-of-right but without any requirement for preserving a mixture of uses on either the neighborhood level or within an individual lot. Because it allows fully residential development, if the "MX" zone replaces an M zone or a previous special-mixed use district with rules on protecting manufacturing uses, it can essentially function as a residential rezoning.

During the 1990's, commercial and residential real estate pressures on Manhattan's remaining industrial areas accelerated rapidly and spread across the East River to Long Island City and Williamsburg. Industrial businesses in these neighborhoods increasingly found themselves in competition for space with commercial and residential uses as a result of rezonings, legal requests for variances, and ad hoc illegal conversions of lofts.

Industrial sector advocates assisted by the Pratt Center and Municipal Art Society launched "The Manufacturing Land Use and Zoning Initiative" in 1999 to try to address these issues and

recommend improved policies for industrial land use.<sup>25</sup> In addition to the pressure from residential development in the new MX zones, industrial uses in supposedly protected "M" zones were experiencing increasing competition from as-of-right commercial uses such as big box stores, hotels, and nightlife establishments. The Manufacturing Land Use and Zoning Initiative also alleged that industrial zones were being "hollowed out" by real estate speculation as industrial tenants were evicted and properties warehoused in anticipation of residential rezoning.

A recently published study by researchers at the Federal Reserve Bank of Cleveland substantiates many of these claims. The study analyzed urban employment changes during the 1990's and found that across the nation, manufacturing employment declined at a faster rate in gentrifying urban areas. The decline of urban manufacturing employment during this period was not due only to global structural changes — gentrification and land price speculation were also "catalytic factors in accelerating the shift away from manufacturing within urban land markets."<sup>26</sup>

#### FOCUS ON RESIDENTIAL GROWTH

By 2000, the number of manufacturing jobs in New York City had declined a further 34% since 1990 — from 261,000 to 173,700. The total number of jobs in the wider industrial sector, including manufacturing, wholesale trade, and transportation, warehousing, and utilities, declined from 603,000 to 460,000, from representing over 20% of the city private sector workforce in 1990 to 15% in 2000.<sup>27</sup>

In this context of increasing real estate pressure on manufacturing, the Bloomberg administration entered office. During his first term, Bloomberg accelerated the rezoning of manufacturing-zoned areas. From 2001-2005, major rezonings were undertaken in Long Island City, West Chelsea, and Williamsburg-Greenpoint. Just before the rezonings in 2000, these areas were identified by the Manufacturing Land Use and Zoning Initiative as the top three most job-intensive manufacturing districts in the city.<sup>28</sup> In Long Island City and Williamsburg-Greenpoint, the rezonings opened industrial waterfronts to high-rise residential development, and rezoned

Because it allows fully residential development, if the "MX" zone replaces an M zone or a previous special-mixed use district with rules on protecting manufacturing uses, it can essentially function as a residential rezoning.



New residential development lines 4th Avenue along the edge of the Gowanus manufacturing zones



interior mixed-use areas with significant concentrations of industrial businesses to the “MX” designation.

Overall from 2002-2007, the Bloomberg administration rezoned nearly 1,800 acres of manufacturing-zoned land, or nearly 15% of the total citywide stock.<sup>29</sup>

In response to the Bloomberg administration’s aggressive rezonings, in 2003 the New York Industrial Retention Network organized the “Zoning for Jobs” coalition which included many of New York’s most prominent organizations in the business and planning community.<sup>30</sup> “Zoning for Jobs” called on the Mayor to preserve the remaining industrial areas through more restrictive zoning that would prohibit non-industrial uses, and for the creation of “Balanced Mixed-Use Districts” that would require a certain percentage of a district’s overall floor area to remain industrial.

**“INDUSTRIAL BUSINESS ZONES” CREATED**

Near the end of the first term, the Bloomberg administration recognized the need for an industrial strategy and convened a citywide task force led by the Department of City Planning, NYCEDC, and the Department of Small Business Services to develop recommendations to “support a viable industrial base.”<sup>31</sup> The appointment of the industrial task force was part of an overall shift in economic development policy to emphasize diversification of the city’s economic base.

The industrial task force’s recommendations were formalized in a report released by the administration in January 2005 that outlined a “comprehensive industrial policy” to protect and

**2005 – “Industrial Business Zones”**

Pledge of no residential rezoning and strong discouragement of granting residential variances, support for local non-profit service providers. “Zones” are mapped and designated but no actual zoning change takes place. Fifteen IBZs created in 2005, six added since

Brooklyn	East New York	Flatlands/ Fairfield	Greenpoint- Williamsburg
	North Brooklyn	Southwest Brooklyn	Brooklyn Navy Yard*
Bronx	Bathgate Eastchester	Zerega	Port Morris
	Hunts Point		
Queens	Jamaica	JFK	Long Island City
	Steinway	Maspeth	Ridgewood*
	Woodside*		
Staten Island	North Shore*	West Shore*	Rossville*
*Designated in later years			

grow jobs. New initiatives included the creation of a Mayor’s Office of Industrial and Manufacturing Businesses (MOIMB) and the replacement of the eight “In-Place Industrial Parks” with 15 new “Industrial Business Zones” (IBZs) where the City pledged to support the retention and expansion of industrial businesses through tax credits, and promised to maintain industrial zoning and to monitor and strongly discourage the BSA from granting variances. City Planning Commissioner Amanda Burden described the new policies as “an ironclad commitment to maintain manufacturing zoning” to make “these key industrial areas stronger and more competitive.”<sup>32</sup>

The 15 IBZs created in 2005 were located in Bathgate, Eastchester, Zerega, Port Morris, and Hunts Point in the Bronx, East New York, Flatlands, Greenpoint-Williamsburg, North Brooklyn (East Williamsburg-Bushwick), Southwest Brooklyn (Sunset-Park-Gowanus-Red Hook) in Brooklyn, and Jamaica, JFK Airport, Long Island City, Steinway, and Maspeth in Queens.

Additional IBZs were eventually added for the Brooklyn Navy Yard, Ridgewood, and Woodside in Queens, and North Shore and West Shore and Rossville in Staten Island.<sup>33</sup>

City Planning Commissioner Amanda Burden described the new policies as “an ironclad commitment to maintain manufacturing zoning” to make “these key industrial areas stronger and more competitive.”



The administration's commitment to supporting and protecting industry within the IBZs was not accompanied by any zoning changes to exclude competing commercial development.

Advocates for industrial businesses such as the New York Industrial Retention Network and the Pratt Center praised the Bloomberg administration for seeking to support the sector. But it was also noted that the new policies did not protect the Industrial Business Zones from competing commercial development as the "Zoning for Jobs" coalition advocated. The administration's commitment to supporting and protecting industry within the IBZs was not accompanied by any zoning changes to exclude competing commercial development like hotels, retail, self-storage, and entertainment uses.

#### DEVELOPMENT PRESSURES INCREASE, POLICIES TO SUPPORT INDUSTRIAL SECTOR ARE SIDELINED

In 2006, City Council Member Melinda Katz, then Chair of the Land Use Committee, introduced Resolution 0141 calling on the Bloomberg administration to establish "Industrial Employment Districts" — a zoning overlay to require special permits for most types of commercial development within an industrial zone. A hearing was held on the bill in September 2006 and was well attended by representatives of the industrial business community and labor unions who urged the Council and administration to support the bill. But a representative from the Bloomberg administration stated "While we support the spirit

of Resolution 141...We believe it is premature to move toward more restrictive zoning measures."<sup>34</sup>

Another challenge to the effectiveness of the Bloomberg administration's industrial policy was that a key portion of the IBZ program, the funding of local non-profit membership organizations to provide technical assistance to local businesses, was slashed soon after it was established. Mayor Bloomberg initially set funding for IBZ administration at \$4 million but cut funding to zero in the 2009 Executive Budget. The program was only kept alive by advocacy in the City Council led by Council Member Diana Reyna, which restored between \$1 and \$1.5 million in funding annually.

The Mayor's Office of Industrial and Manufacturing Businesses initially consisted of a staff of six. But the office's budget was cut back beginning in 2007 and the Director, Carl Hum, resigned to take a position with Brooklyn Chamber of Commerce. A new director was never reappointed and funding for MOIMB completely ended in 2011. The MOIMB's functions were replaced by administrative support from the Department of Small Businesses and the "industrial desk" at the Economic Development Corporation.

Under the umbrella of EDC, the administration's industrial strategy shifted to emphasize capital investments in city-owned industrial parks like the Brooklyn Navy Yard, Brooklyn Army Terminal, and Hunts Point Terminal Market. While hundreds of millions of dollars in infrastructure investments helped strengthen businesses in the city-owned industrial parks, the privately owned industrial areas of the IBZs received only limited support.<sup>35</sup>

Manufacturing jobs in New York City continued to precipitously decline from 174,000 in 2000 to 75,000 in 2010,<sup>36</sup> though many attribute at least part of the decline to the displacement of industrial businesses by the rezonings and non-industrial development within manufacturing zones.

A bill calling for Industrial Employment Districts was again introduced by Council Members Brad Lander and Diana Reyna in 2011, with the additional detail that such districts should be established as overlays over the Industrial Business Zones. This bill, Resolution 957, was filed at the end of session in 2013. ●

# 1.



## How Do We Protect and Grow The Industrial Economic Base?

**F**rom 2010 to 2014 a remarkable change occurred — the industrial sector in New York finally halted its decades-long decline. Since the beginning of the economic recovery in 2010 to 2013, manufacturing jobs held steady at roughly 75,000 and actually grew by nearly 4% in 2013-2014 to a current total of 77,000.

The total number of jobs in the wider industrial sector, including manufacturing, wholesale trade, and transportation, warehousing, and utilities, grew from 329,000 to 342,000. These other industrial sectors actually account for a larger share of jobs than manufacturing, with roughly 142,000 jobs in wholesale trade and 123,000 jobs in transportation, warehousing, and utilities. It is important to keep in mind that these sectors are also crucial to our economy, providing essential infrastructural and logistical support.

## Industrial Sector Jobs in NYC 2002–2014 (not including construction jobs)

### What Are Industrial Jobs?

The 342,000 total jobs in the wider industrial sector, which does not include jobs in construction, accounts for roughly 10% of New York City’s private sector workforce.<sup>37</sup>

Economic data includes three major categories:

#### Manufacturing

All types of producers from food and beverage makers, to chemical manufacturers, to metal stampers, to furniture makers.

#### Wholesale Trade

Wholesalers buy products in bulk and then sort, grade, or break down the products into smaller packages for distribution. In New York they typically operate out of warehouses and often deliver goods by truck directly to retail stores.

#### Transportation, Warehousing, Utilities

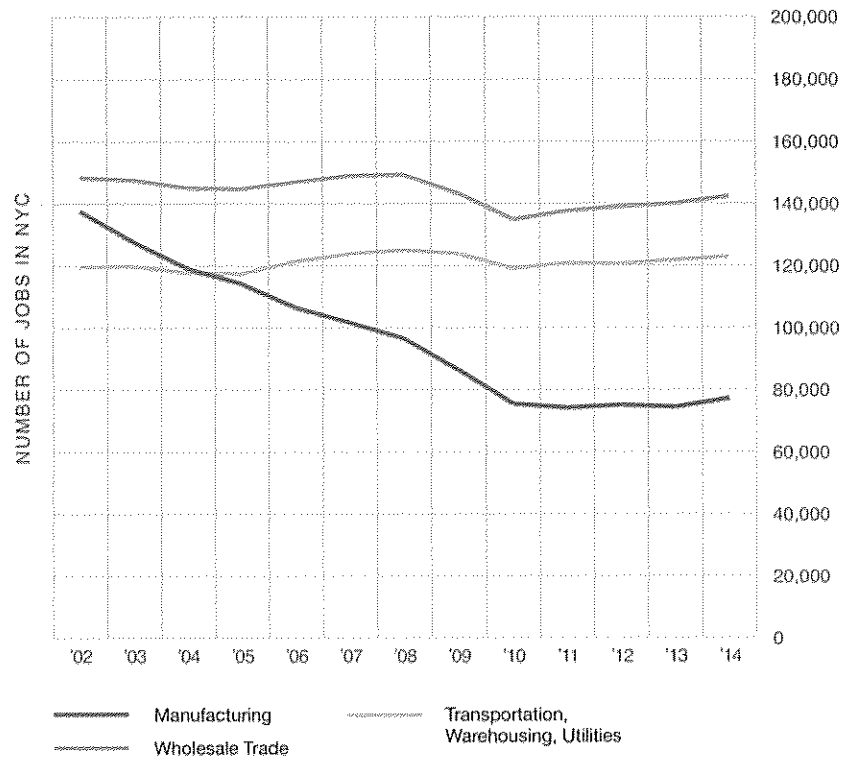
Transportation includes public transit, airports, freight and delivery services (by truck, rail, ship, etc.), and pipeline workers. It does not include auto repair.

### What Do “Industrial” and “Manufacturing” Mean?

New York City’s industrial zoning districts are officially called “manufacturing zones” despite the fact that all types of industrial businesses are located within them.

But in the City’s land use data, there are separate categories for “transportation & utility” use (which includes airports, power plants, rail yards, gas stations and other infrastructure,) and “industrial & manufacturing” uses (which includes uses like manufacturing, wholesale trade, warehousing, and open industrial uses like scrapyards).

*Construction jobs are not included in most definitions of “industrial jobs”.*



NYS Department of Labor – Current Employment Statistics

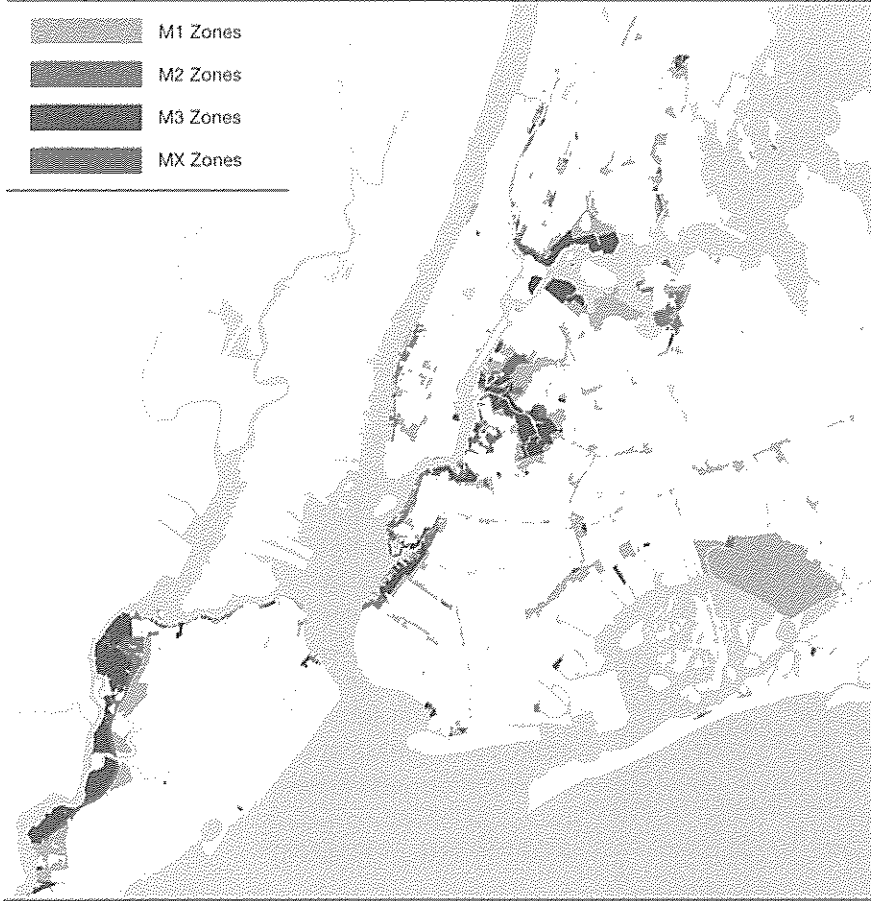
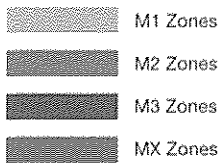
The 342,000 jobs in the wider industrial sector, which does not include jobs in construction, account for roughly 10% of New York City’s private sector workforce. This newfound growth in has taken place despite the continuing challenges of New York’s outmoded industrial land use policy.

#### CURRENT STATE OF INDUSTRIAL LAND IN NEW YORK CITY, 2014

Overall, roughly 42.2 square miles, or 14%, of New York City is currently zoned M or MX. However, nearly half of all manufacturing-zoned land is taken up by JFK and LaGuardia Airports and the western shore of Staten Island where much of the land is undevelopable wetlands.

Within the manufacturing zones, actual manufacturing uses occupy a surprisingly small percentage of the land. According to the most recently available city data,<sup>38</sup> “industrial and manufacturing” land use covers only 21% of the area under manufacturing zoning. The plurality of the land, 45%, is actually taken up by space-intensive “transportation and utility” uses like airports, rail yards, and power plants. In addition,

## New York City Manufacturing Zones



Manufacturing Zones cover

**14.1%**

of the city's total lot area. Much of this land is occupied by essential transportation and utility infrastructure. Job intensive manufacturing uses occupy only

**3.5%**

of the city's total lot area.

commercial space of all kinds is increasingly common, especially in M1 districts. And reflecting their history as the "unrestricted" zones created in 1916, many manufacturing zones have significant numbers of non-conforming residential buildings.

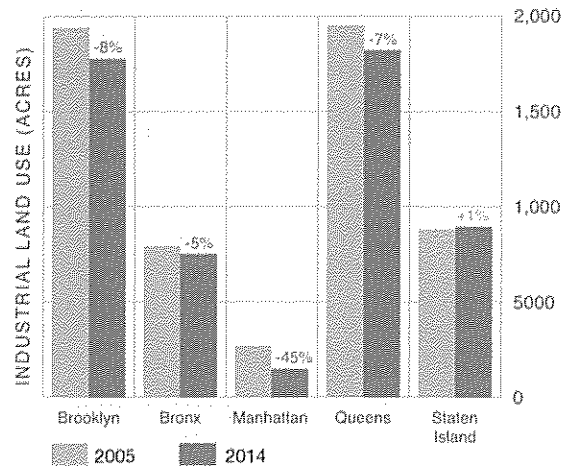
Looking only at the map of manufacturing zoning and the 14% of city land it covers misleadingly gives the impression that there is an abundance of available land. But the stock of land and buildings suitable for manufacturing and not occupied by competing uses is much smaller than the relatively large area of manufacturing zoning would suggest.

Since 2005, industrial and manufacturing land use in New York City has declined by nearly 8% or roughly 450 acres. The decline has been the sharpest in Manhattan where nearly half was converted to other uses. And since many industrial properties in Manhattan are high-density lofts, this loss represents an even more significant reduction of potential manufacturing space.

In Manhattan, the Bloomberg administration actively encouraged industrial conversion during

## Change in Industrial Land Use 2005-2014

(DCP PLUTO data, not including transportation-utility category)



Overall in New York City, industrial and manufacturing land use (as measured by lot area) declined by nearly 8%, or 450 acres, from 2005-2014.

this period through rezonings of areas like West Chelsea near the High Line and West Harlem for Columbia University's campus expansion. The few remaining historic loft areas that are still zoned M are rapidly being developed as hotels and offices. No Industrial Business Zones were mapped in Manhattan when they were created in 2005.

### HAVE THE INDUSTRIAL BUSINESS ZONES BEEN EFFECTIVE?

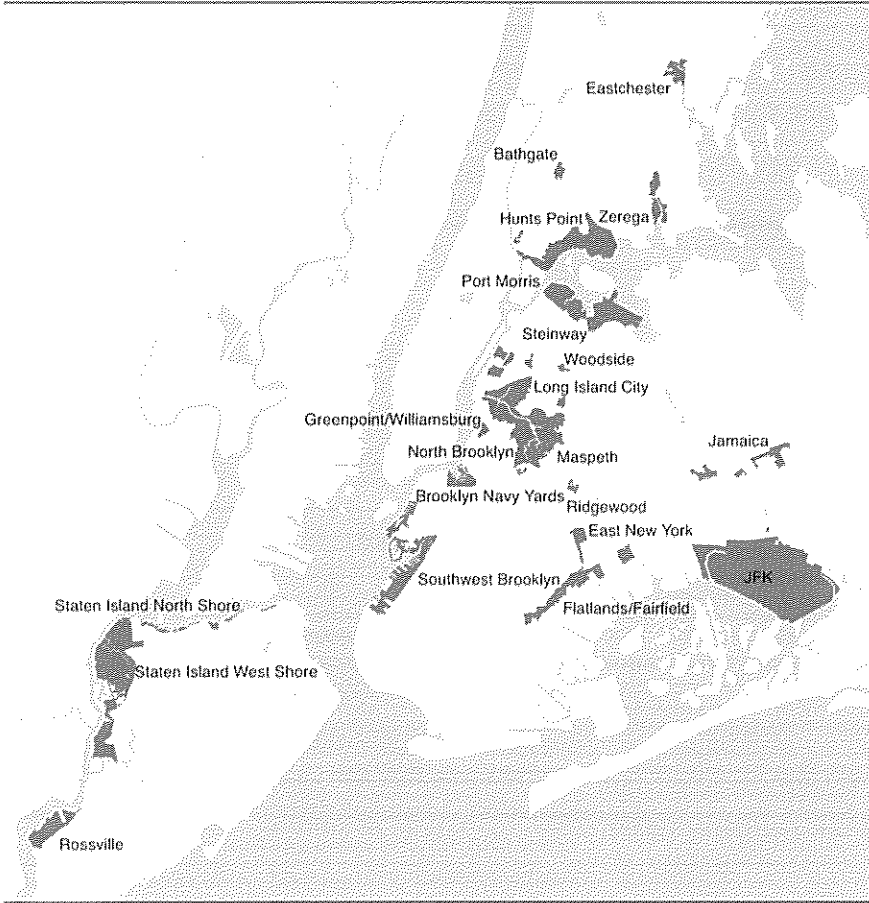
With the establishment of the Industrial Business Zones, the Bloomberg administration sought to stabilize the sector and provide a safe haven by removing the threat of residential rezoning. The 21 current Industrial Business Zone boundaries, as last modified in November 2013, cover just over half (57%) of the city's manufacturing zoned-area.

A 2011 Bloomberg Administration review of the IBZ program found that it had helped incentivize business investment through the relocation tax credits and technical assistance provided by the local Industrial Business Solution Provider program.<sup>39</sup> But this review did not examine land use and zoning issues.

Looking back a decade after they were created, the IBZs appear modestly successful in protecting industrial and manufacturing land use compared with other manufacturing zones not



**New York City Industrial Business Zones**



**IBZs with the Greatest Rate of Commercial Conversion**

IBZ	Commercial Land Use Increase 2005–2014	
Greenpoint Williamsburg	+211,728	+*%
North Brooklyn	+417,342	+191%
Southwest Brooklyn	+2,311,300	+155%

\*no commercial use in 2005

the North Brooklyn IBZ, commercial lot square footage nearly tripled during this period. In the Southwest Brooklyn IBZ, commercial uses more than doubled, increasing by over 2.3 million square feet. In all of these areas, site surveys consistently demonstrate that the official land use data lags significantly behind the rapid pace of change. Commercial conversions are undoubtedly higher than shown in the official data. The rise in commercial land use within the supposed industrial safe havens of the IBZs illustrates the first major shortcoming of New York’s current industrial land use policy.

**WHAT IS THE PROBLEM?**

**1. Manufacturing Zoning Districts, especially “M1”, allow many non-industrial commercial uses as-of-right, uses with generally far fewer jobs** – Reflective of their origin in the 1916 Zoning Resolution’s “unrestricted” category, manufacturing districts allow a very broad range of development as-of-right. Office buildings, most kinds of retail including malls and certain “big box” stores, self-storage facilities, restaurants, bars, and nightclubs, athletic facilities and health clubs are all permitted as-of-right. In M1 light manufacturing zones, many types of “community facilities” are allowed as-of-right.<sup>40</sup>

In virtually all cases, each of these uses can typically generate a higher return per square foot for the landowner than most industrial uses. But perhaps the greatest current threat to industrial businesses in manufacturing zones is the as-of-right development of hotels and large-scale entertainment uses.

Many of New York’s most productive and dynamic industrial zones, including IBZs like Greenpoint-Williamsburg, North Brooklyn,

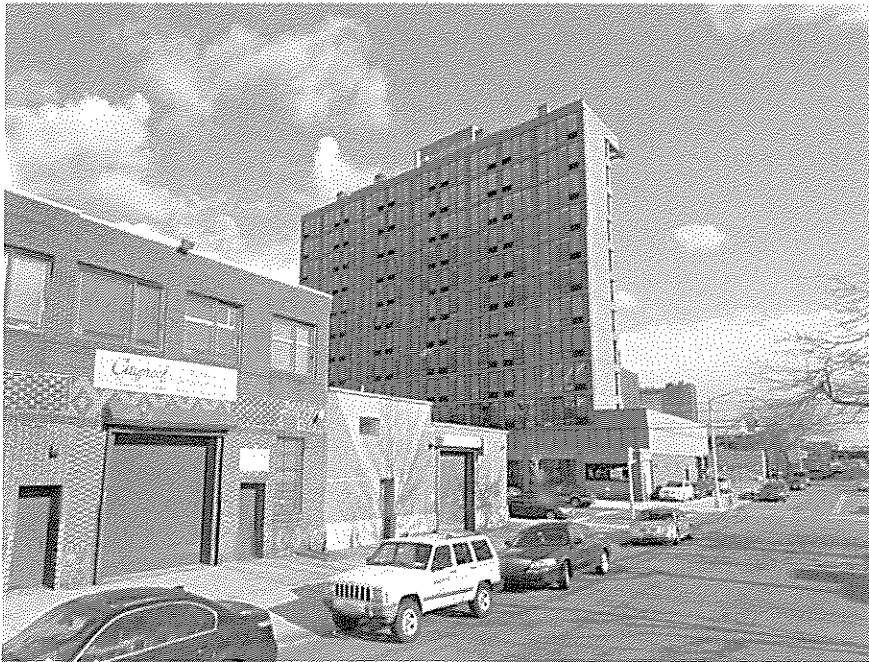
covered by IBZs. But for manufacturing zones located in areas with significant real estate market pressure, the IBZ designation does not appear to offer adequate protection from conversion to commercial uses.

Overall, industrial/manufacturing land use within the IBZs remained stable from 2005-2014, in contrast to a loss of over 13% in manufacturing zones not included within an IBZ. This finding suggests that the IBZs accurately cover the core industrial areas.

While total industrial land remained stable, the IBZ designation did not protect these areas from an increase in commercial uses. While still accounting for an overall small percentage, commercial lot area within the Industrial Business Zones has increased by 30% since 2005 — the same rate as zones not included within an IBZ.

The increase of commercial use has been most dramatic in the Brooklyn IBZs. In the Greenpoint-Williamsburg IBZ, there was no commercial use in 2005, city data now shows nearly 14% of the area has been converted. In

Z Hotel,  
Long Island City Industrial Business Zone



Safeguard Self Storage,  
North Brooklyn Industrial Business Zone



Southwest Brooklyn, and Long Island City, are located in close proximity to highly desirable residential neighborhoods and are increasingly marketed as commercial hotel, shopping, and nightlife development opportunities.<sup>41</sup>

In the last decade, dozens of hotels have been developed in manufacturing zones, including many within designated IBZs.<sup>42</sup> Areas including Long Island City, Gowanus, Sunset Park, and North Brooklyn, have also seen increased development of entertainment uses like bowling allies and nightclubs.

In addition to directly displacing industrial real estate, hotels fundamentally change the character of areas previously reserved for manufacturing and industrial work. This is especially true of high-end boutique hotels that include additional attractions like restaurants and bars. These developments can change the economic character of entire districts, often with fewer jobs with poorer wages and benefits than the uses they replaced.

**2. Most Manufacturing Zoning Districts Allow Very Little Density, Precluding Industrial Growth** – Another significant challenge with existing manufacturing zoning in New York City is that much of it is zoned at very low density, constraining opportunities for any new industrial growth.

49% of all manufacturing zoned land is M1-1, allowing only for 1.0 FAR. With only 1.0 FAR, it is impossible for owners of industrial properties to add additional space in a second floor or on an underutilized parking lot. A further 40% of M zoned land is within districts that allow only 2.0 maximum FAR.

This constraint on density precludes the construction of large floorplate, loft-style industrial buildings in nearly 90% of New York's manufacturing-zoned land. The lack of available density, combined with the uncertainty created by inconsistent land use policy and permitted non-compatible uses like hotels, make it extremely difficult for industrial landowners to commit to the long-term and invest in their properties for industrial development.

**3. Manufacturing zones have overly burdensome parking requirements** – The most commonly zoned manufacturing districts – M1-1, M1-2, M1-3, M2-1, M2-2, and M3-1 – which together account for nearly 90% of manufacturing-zoned area, have extremely burdensome and unnecessary parking requirements.

In these districts, for manufacturing or commercial uses, one parking space is required per 1,000 square feet of floor area or 1 space per 3 employees, whichever is higher.<sup>43</sup> These requirements apply to either new construction or enlargements of existing space.

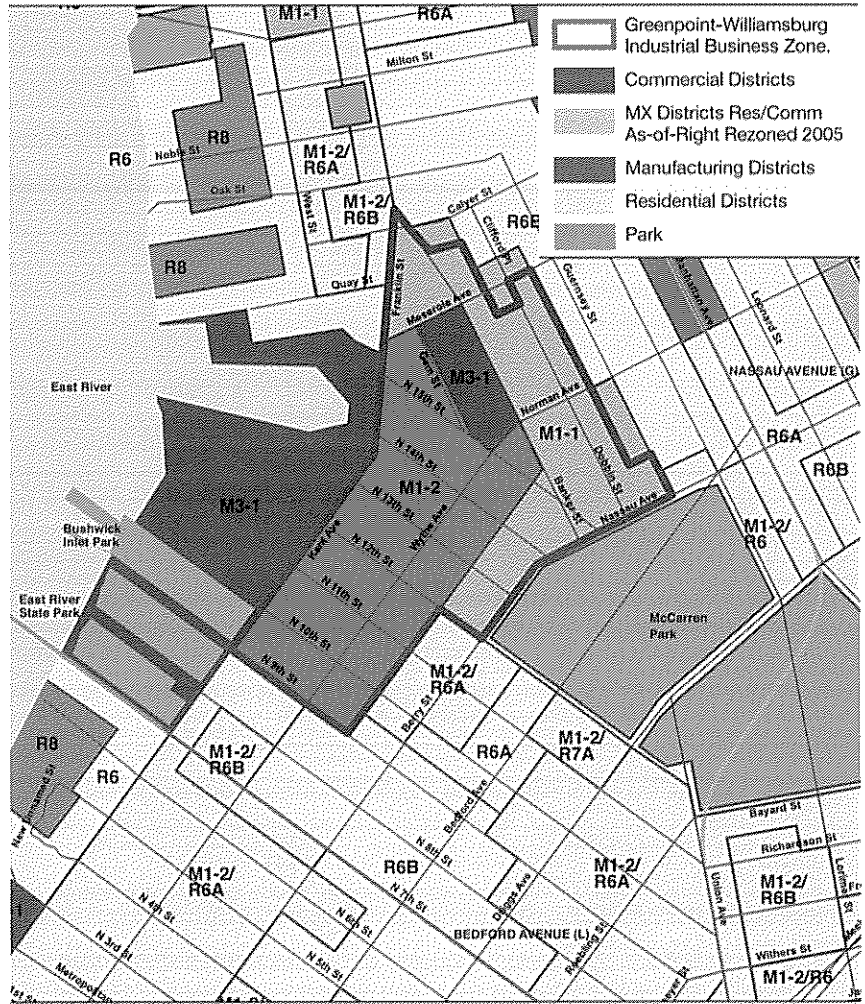
While these requirements have been greatly reduced or eliminated for Manhattan and parts of Long Island City, they continue to apply in M zones throughout the rest of the city.

If a property owner in an IBZ in Brooklyn  
*continued on page 20*

1. How Do We Protect and Grow The Industrial Economic Base?

Upper: "Wythe Hotel" with new hotel construction site in foreground, Wythe and N. 10th St. Lower: "Level Hotel" Currently under construction at Wythe and North 12th

Greenpoint-Williamsburg IBZ  
Current Zoning



Case Study – Greenpoint-Williamsburg IBZ

The Greenpoint-Williamsburg Industrial Business Zone offers a dramatic case study of how non-industrial uses can rapidly proliferate under M zoning. Less than a decade ago, this area was nearly 100% active industrial land use. But in just the last few years, it has been fundamentally transformed by commercial development.

At 54 acres, this IBZ is one of the smallest, spanning nine blocks north to south and two to four blocks east to west. Real estate values have skyrocketed since the Williamsburg-Greenpoint waterfront and much of the inland neighborhood was rezoned for residential development in 2005.<sup>43</sup> The IBZ area was left out of the rezoning as a concession by the Bloomberg administration to local City Council Members and community advocates.<sup>44</sup> Surrounded by residential areas, the waterfront, and the popular McCarren Park, it was set aside as an island of intended industrial preservation.

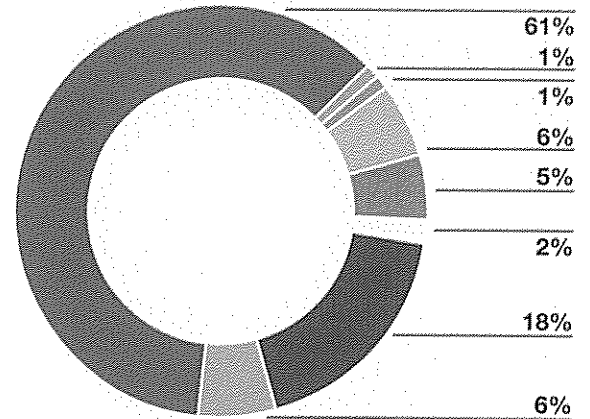
But the opening of the boutique "Wythe Hotel" in 2012 within the IBZ fundamentally changed the character of the area. Since the opening, three additional large hotel projects have begun construction within a two block radius. Although the area remains a designated Industrial Business Zone, hotel, nightlife, and retail uses have proliferated to the point where the southern half of the zone has been almost entirely purged of working industrial uses. Nearly all the remaining industrial land is either vacant and being warehoused for development or is soon to shut down for planned redevelopment. All of the development is as-of-right due to the permissive nature of the M1 zoning.

The current M1-1 and M1-2 zoning in the Greenpoint-Williamsburg IBZ allows only 1.0 or 2.0 FAR to be developed, yet has no practical height limit. Since landowners cannot build a new industrial or commercial structure with a large floor plate



**Greenpoint-Williamsburg IBZ  
Land Use**

**Greenpoint-Williamsburg IBZ  
Lot Square Footage by Land Use  
Survey Adjusted**



- Industrial
- Vacant Land
- Transport/Utility
- Residential/Mixed Use
- Public Facility/Institution
- Commercial
- Parking Lot
- Commercial Construction

In the unplanned, ad hoc transformation of an Industrial Business Zone into a nightlife district, New York City is missing an opportunity to preserve important industrial businesses and jobs and encourage more diverse and productive types of new development.

and multiple floors, they are incentivized to instead concentrate the allowable density into a tower occupying a small portion of the lot.

The under-construction “Level Hotel” illustrates this model taken to the extreme, concentrating the 2.0 FAR density of the large lot into a narrow tower.

Thus far, hotel and nightlife redevelopment in the Greenpoint-Williamsburg IBZ has concentrated below North 14th St, closer to the Bedford Avenue L subway. Industrial businesses still predominate in the northern half of the IBZ but it is likely only a matter of time before commercial development becomes the majority-use there as well. As a sign of the commercial development to come most private industrial landowners in the area are not granting long-term leases to existing tenants.<sup>45</sup>

In the unplanned, ad hoc transformation of an Industrial

Business Zone into a nightlife district, New York City is missing an opportunity to preserve important industrial businesses and jobs and encourage more diverse and productive types of new development. The market has recently indicated a new interest in the development of creative office and light industrial uses in this area but it remains unclear if such projects will proceed without changes in land use policy.<sup>46,47</sup>

The experience of the Greenpoint-Williamsburg IBZ in recent years makes it abundantly clear that the policy of designating Industrial Business Zones without also changing the underlying zoning to protect industry from competing commercial uses is not a forward looking strategy.

Most manufacturing districts allow only 1.0 or 2.0 FAR, severely constraining opportunities for expansion or redevelopment.



*continued from page 17*

wanted to build a new 40,000 square foot industrial building on a 20,000 square foot vacant lot, at least 40 parking spaces would be required, adding millions of dollars to development costs. The added cost of this parking is especially discouraging to potential industrial development with its lower average rents per square foot.

**4. Industrial rents are quickly climbing as supply of space contracts due to land use issues** – According to the city’s official land use data, industrial and manufacturing land use has declined by nearly 8% or 450 acres since 2005. However, the updating of this data often lags behind the pace of change in city neighborhoods.<sup>49</sup> It is also unable to identify industrial buildings that are emptied of tenants and being “warehoused” for future redevelopment. The actual loss of industrial land use is likely significantly higher.

Since 2010, industrial jobs in New York City have halted their decades-long decline and have actually begun to grow. But despite the new demand for industrial spaces, the stock of active industrial land continues to decline due to competing residential and commercial uses. In areas

like Williamsburg where commercial conversions are on the rise, manufacturing-zoned land in prime locations has recently sold for nearly \$200 per buildable square foot.<sup>50</sup> In Gowanus, where speculation on residential rezoning continues, the price of industrial properties has nearly tripled in the last 10 years.<sup>51</sup>

As a result, industrial rents in New York City have begun to rise precipitously as firms compete for a dwindling supply of remaining spaces.<sup>52</sup> Industrial rents in the outer boroughs rose from an average of \$11.50 per square foot per year in 2011 to \$14.25 in 2013.

In just the last year, the discussion about industrial real estate in New York has abruptly shifted from lamenting the wasted space of empty warehouses and brownfields, to mourning the lack of suitable factory spaces for manufacturers like Capsys<sup>53</sup> and the limited amount of space available at the Brooklyn Navy Yard.<sup>54</sup> As lease prices for many industrial properties prices rise to \$20 or even \$25 a square foot in Long Island City and North Brooklyn,<sup>55</sup> growing industrial firms can no longer afford to relocate or expand.

A recent Wall Street Journal article noted that Long Island’s industrial real estate market is directly reaping benefits from the displacement of firms from New York City.<sup>56</sup> One Long Island broker told the paper “We are seeing a lot of parties from the boroughs considering Long Island because all the industrial space in the boroughs is being converted to residential and office or some other use.”

New York City’s industrial land supply problem is not due to the amount of physical land that remains zoned for manufacturing. It is due to the lack of actual protection for industrial uses from commercial development, the continued pattern of speculation and warehousing in anticipation of eventual residential rezonings, and the lack of suitable zoning and incentives to spur new industrial construction.

**5. Archaic use-group definitions and performance standards** – Yet another land-use related problem affecting the industrial sector in New York is the City’s failure to update the industrial use groups and performance standards.

Acme Smoked Fish, Greenpoint-Williamsburg Industrial Business Zone — Due to the rising cost and instability of industrial real estate, Acme recently chose to locate a new \$25 million expansion in North Carolina after spending over a year searching properties in Brooklyn and Queens.

These important regulations govern the types of businesses that are allowed to locate in each of the industrial zones, M1, M2, and M3. They remain largely unchanged since the publication of the Zoning Resolution of 1961.

Anachronistic references to outmoded technologies like typewriters and phonographs remain in the Zoning Resolution to this day. The closest the text gets to describing hi-tech manufacturing is in references to “Electrical equipment assembly, including home radio or television receivers, home movie equipment, or similar products, but not including electrical machinery” and “Machines, business, including typewriters, accounting machines, calculators, card-counting equipment, or similar products.” Many high-tech manufacturing processes like 3D printing remain in a use group limbo, unsure of where exactly it is legal to locate.

The 1961 use groups and performance standards are geared to the mass-production “smokestack” industries of the time and are no longer relevant to today’s manufacturing technology where production can often take place in smaller, flexible spaces with much less noxious emissions.

We need to undertake a comprehensive re-evaluation of the industrial use groups and performance standards and consider what types of manufacturing might be compatible with residential use and ensure that relevant pieces of the building code are also updated to ensure that mixed use buildings can be permitted in a reasonable time frame.

#### WHAT IS THE VALUE OF THE INDUSTRIAL SECTOR?

In spite of all of these challenges, since 2010 the New York City industrial sector has stabilized and is actually showing signs of growth. From 2013-2014, manufacturing employment grew 3.8% — a faster pace than the City’s overall private sector.

Recent growth in manufacturing is not isolated to New York. Nationwide, the manufacturing sector has steadily grown since the beginning of the recovery in 2010 with nearly 600,000 jobs added, representing 5.2% growth to 12.06 million total jobs.<sup>57</sup> Industrial vacancy across the country, at 7.6%, is at the lowest level



since 2001, and industrial property sales volume in 2013 grew by 22% year over year, faster than any other kind of property.<sup>58</sup>

Many economists are predicting that manufacturing in the United States will continue to grow as the cost advantages of overseas productive decline. The cost of transportation and of labor in countries like China is rising and making it increasingly economical to “re-shore” production back to the US.<sup>59</sup> This is an especially appealing option for smaller manufacturers who face logistical challenges working with off-shore suppliers.<sup>60</sup>

Industrial firms provide essential services for many of the city’s most highly valued industries but are often overlooked by policymakers. Urban manufacturers are overwhelming small, locally owned firms. The majority of New York’s manufacturing businesses employ less than 5 workers and more than 85% of New York manufacturing businesses employ less than 20 workers.<sup>61</sup> The intense interconnectedness of these small manufacturing firms in the local supply chain is the reason manufacturing has the highest multiplier effect of any economic sector. According to the US Bureau of Economic Analysis, every dollar in the final sale of manufactured products supports \$1.33 in additional economic output.<sup>62</sup> This is more than double the multiplier of sectors like retail (\$0.66) and professional/business services (\$0.61).

In addition to its value in supporting and spurring economic activity in other sectors,

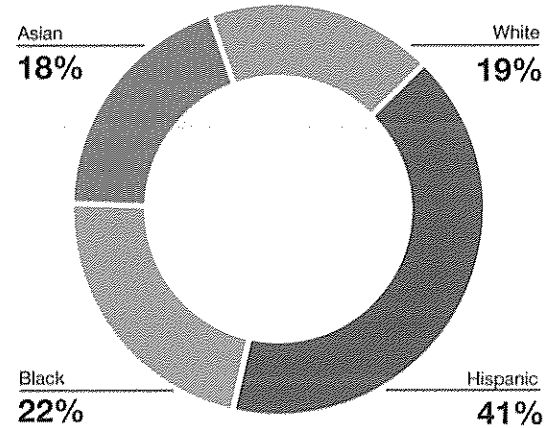
“We are seeing a lot of parties from the boroughs considering Long Island because all the industrial space in the boroughs is being converted to residential and office or some other use.”  
Tommy Tsiolis, Long Island Industrial

Penn State Fabricators, Greenpoint Manufacturing and Design Center



## Industrial Workforce by Race/Ethnicity

US Census, American Community Survey 2012



Nearly 1 in 7 Hispanic New Yorkers who work have jobs in the industrial sector

industrial jobs are also of particular importance to communities of color, recent immigrants, and job-seekers who lack a college degree.

The industrial workforce in New York City is over 80% people of color<sup>63</sup> and over 60% foreign-born.<sup>64</sup> A plurality of the industrial workforce in New York is Hispanic, and nearly 1 in 7 working Hispanic New Yorkers has a job in the industrial sector. The sector is particularly important to men of color without college degrees — Hispanic and Black males together make up the majority of the industrial workforce.

Considering that the unemployment rate for Hispanic and Black New Yorkers remains stubbornly high at over 12%, growing the industrial sector helps to target those many of those communities in greatest need.

Indeed, most industrial jobs pay a living wage that can provide a foundation for social mobility for workers and their families. In Brooklyn and Queens, jobs in the wider industrial sector of manufacturing, wholesale trade, utilities, and transportation/warehousing pay an average salary of \$51,000 a year — more than twice the average salary of jobs in the retail, hospitality, and restaurant sectors.<sup>65</sup>

This is a comparison worth remembering

In Brooklyn and Queens, industrial sector jobs pay an average salary of **\$50,934** more than twice the average salary of **\$25,416** in the retail, hotel, and restaurant sectors.

when considering that hotels, retail, and restaurant/nightlife uses are increasingly displacing industrial businesses from manufacturing zones. In 2005, jobs in the industrial sector in Brooklyn and Queens outnumbered jobs in the retail, hospitality, and restaurant sectors 183,000 to 156,000. Since then, the low-wage service jobs in Brooklyn and Queens have grown to 207,000 while the industrial sector has shrunk to 172,000 jobs.<sup>66</sup>

In addition to all the benefits of the manufacturing sector for the economy and of the larger industrial sector for New York City's workforce, reserving physical space for essential logistics and infrastructure uses is also crucial. Wholesale trade provides the underpinning for the entire local retail economy of the city. Shipping companies like UPS and Fedex need local sorting and distribution locations. City government needs space for waste and recycling, as well as garages and workshops for maintenance vehicles and tools. Loud and dirty industries dealing in heavy materials like concrete and scrap metal need locations separate from residential areas, with access to the water for shipping.

For all these reasons, city planners across the nation are increasingly recognizing that cities should develop strategies to support the core economic functions of the industrial sector.<sup>67</sup> ●



The four industrial buildings owned and operated by the Greenpoint Manufacturing and Design Center are a refuge for industrial businesses. The non-profit provides long-term leases at affordable rents for over 100 small manufacturers with over 500 employees. Below: Uberto LTD Woodworking, GMDC

## Recommendation 1.

# Industrial Employment Districts

### RECOMMENDATION

■ For core industrial areas, areas where industrial/manufacturing are the dominant land use, establish “Industrial Employment Districts” that require CPC special permits for non-industrial commercial uses such as hotels, large-scale retail and office use, restaurants, bars, entertainment venues, and self-storage.

- Allow small accessory retail and restaurants that serve the business community and industrial workers to locate as-of-right.

- New York City Council Resolution No. 957 of 2011 offers recommended specific modifications to allowable use groups.

■ Increase the allowable FAR within designated Industrial Employment Districts to 3.0 or higher in order to facilitate increased industrial density and allow flexibility to upgrade and expand industrial buildings.

■ Eliminate burdensome and unnecessary parking requirements

■ Consider allowing a wider variety of commercial uses, such as larger retail, along busy streets on the edges of Industrial Employment Districts as a buffer between the core industrial areas and residential communities.

■ Investigate the creation of incentives for putting industrial space in the hands of mission-driven owners (Brooklyn Navy Yard, GMDC, SpaceWorks, are examples) as well as other stewardship models. This approach is also very important in thinking about the creative economy district and the mixed commercial/manufacturing/residential districts described in more detail below to maximize job creation, workforce development, marketing, and enforcement efforts.

■ Target financial incentives to support the growth and development of these industrial neighborhoods.



**G**iven the extraordinary value of the industrial sector it is critical that we address the fundamental challenges the existing zoning presents which are described in more detail above:

1. Manufacturing zoning districts allow many non-industrial commercial uses as-of-right, uses with generally far fewer jobs.
2. Most manufacturing zoning districts allow very little density, precluding industrial growth
3. Manufacturing zones have overly burdensome parking requirements
4. Industrial rents are quickly climbing as supply of space contracts
5. Archaic use-group definitions and performance standards need to be updated

New York City needs to develop a zoning district which addresses these challenges and provides the space for those industries which are critical to the economic well-being of thousands of New Yorkers and the health of a variety of industries.

In those places where this concentration exists — in many of our IBZs for instance — a re-writing of the use regulations to focus on protection and growth is essential as is allowing for additional density in order to create more space for new firms and existing firms to expand. Much of the existing manufacturing zoning allows for uses which are not job intensive — mini-storage is a good example — and also have very low

### Change in Employment in Manufacturing Subsectors: 2010-2013



Sector	Change # Jobs	Change %
<b>Growing Manufacturing Sectors in NYC</b>		
Food	1,035	7.3%
Miscellaneous	412	4.6%
Fabricated Metals	234	3.9%
Computer & Electronic Products	146	5.3%
Nonmetallic Mineral Products (stone, clay, glass)	131	8.7%
Printing & Related	83	1.3%
Wood Products	74	10.9%
Primary Metals	61	23.1%
Beverage & Tobacco Products	51	8.5%

### Shrinking Manufacturing Sectors in NYC

Apparel	-673	-4.0%
Paper	-329	-24.0%
Electrical Equipment & Appliances	-269	-26.9%
Machinery	-243	-15.6%
Transportation Equipment	-233	-21.1%
Furniture & Related	-224	-7.2%
Chemicals	-218	-6.9%
Textile Mills	-208	-14.3%
Textile Product Mills	-170	-14.5%
Plastics & Rubber	-51	-3.2%
Leather & Allied Products	-37	-8.0%
Petroleum & Coal Products	-10	-14.7%

US BLS QCEW Data 2013

in local employment include most of the south and central Bronx, Corona-Jackson Heights, Flushing, Richmond Hill, Jamaica, and Ridgewood in Queens, and Bushwick, Cypress Hills, East New York, Sunset Park, and Bensonhurst in Brooklyn. 22 City Council Districts have at least 10% of employed population engaged in the industrial sector.<sup>71</sup>

More than half of all City Council Districts have significant concentrations of manufacturing zoning and industrial businesses within their borders.

FARs which doesn't allow for increased intensification of these areas.

In New York's few industrial areas with affordable real estate insulated from the pressures of the market, like the Brooklyn Navy Yard and the buildings owned by non-profit industrial developer GMDC,<sup>68</sup> space is filled to capacity with waiting lists for any availability.<sup>69</sup> The land use pressures caused by antiquated M zoning are quite likely holding back the ability of the sector to grow and recover more of the jobs lost in previous years.

Looking more closely at the subsectors, growth has concentrated in food and beverage manufacturing, in sectors like wood, metal, and stone-working, and in the promising field of high tech electronic manufacturing. Sectors that continue to shrink represent mostly heavier categories of industry typical the older industrial economy such as paper, machinery, chemicals, plastics, and textiles.

These findings support the assertions of industrial jobs advocates that most of the industrial firms remaining in New York City are those that need to be here in order to thrive.<sup>70</sup> They are deeply embedded in local supply chains and depend on geographical proximity to clients and partners. Food manufacturers deal with highly perishable products and must make daily deliveries to markets throughout the city. Highly specialized wood, metal, and stoneworkers manufacture customize products for the arts and design industries as well as the construction industry.

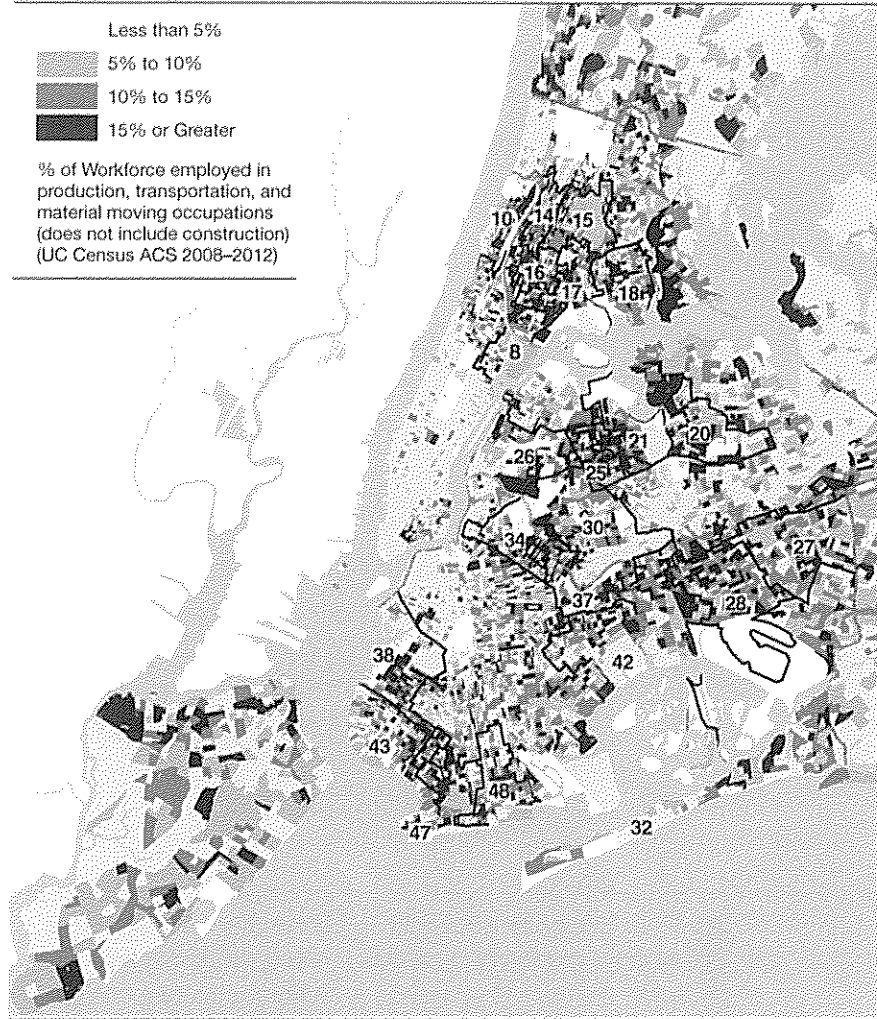
Mapping the industrial labor force in New York City illustrates the importance of the sector to people of color and immigrant communities.

Areas where the sector plays a particularly important role

## New York City Council Districts with 10%+ Industrial Labor Force

Less than 5%  
 5% to 10%  
 10% to 15%  
 15% or Greater

% of Workforce employed in production, transportation, and material moving occupations (does not include construction) (UC Census ACS 2008-2012)



**% of Employed in "IBZ Jobs" — Production, Transportation and Material Moving**

CD / Member	% Employed	CD / Member	% Employed
21 / Ferreras	16.1%	10 / Rodriguez	11.6%
25 / Dromm	15.2%	42 / Barron	11.6%
37 / Espinal	14.2%	8 / Mark-Viverito	11.6%
38 / Menchaca	14.1%	20 / Koo	11.4%
14 / Cabrera	14.0%	27 / Miller	11.3%
17 / Arroyo	13.9%	34 / Reynoso	11.3%
28 / Wills	13.2%	18 / Palma	11.2%
15 / Torres	13.1%	30 / Crowley	11.2%
16 / Gibson	12.8%	32 / Ulrich	11.2%
47 / Treyger	12.5%	43 / Gentile	10.0%
26 / Van Bramer	12.5%	48 / Deutsch	10.0%

## Examples in Other Cities

**CHICAGO** - In 1988, to protect its industrial areas from real estate speculation Chicago created a new type of industrial preservation zoning called "Planned Manufacturing Districts." PMDs are a zoning overlay that prohibits incompatible uses like big-box retail, nightclubs, and hotels from locating in core industrial zones. Restaurants and bars are permitted but limited to 4,000 square feet, retail stores are restricted to 3,000 square feet, and community and athletic facilities are not allowed. Self-storage is barred from some of the PMDs but permitted in others, and office uses are allowed but restricted to a maximum size of 9,000 square feet. Artist studios are barred from all but two of the PMDs.<sup>72</sup>

Chicago's PMD policy has not been static. The protections have been added to new districts over time and the city's "Fulton Market Innovation District" plan recently proposed altering a portion of a PMD to allow a broader range of commercial uses while still excluding housing, hotels, and entertainment.<sup>73</sup>

**PORTLAND** - Portland, Oregon, known for its comprehensive land use planning, adopted "industrial sanctuaries" as part of its 1980 city plan, severely restricting commercial development in industrial areas. The city recognized at an early stage that "speculative pressure for commercial development in established and developing industrial areas can cause problems for industrial retention, relocation, and attraction through escalating land values, extra demands on public facilities, and land-use conflicts."<sup>74</sup> The industrial sanctuaries are widely regarded as a planning success, with the largest — Central Eastside Industrial Sanctuary — maintaining nearly 17,000 jobs as one of the most productive business districts in the city.<sup>75</sup> There are even new loft-style six-story industrial flex buildings now being developed in Portland's industrial sanctuaries.<sup>76</sup>

# 2.

Falchi Building, Long Island City

Google



## How Do We Support New Kinds of Economic Activity?

It has long been a goal of successive City administrations to grow employment centers in the outer boroughs in order to increase economic diversity and reduce congestion and commuting times. But as of 2013, 60% of the City's private sector jobs were still located in Manhattan.<sup>77</sup>

The industrial sector is not the only important part of the economy that has suffered from a lack of regulatory support. Development of new commercial office space in the outer-boroughs for growing sectors like technology and media has also been complicated by a zoning approach which does not support this policy goal.

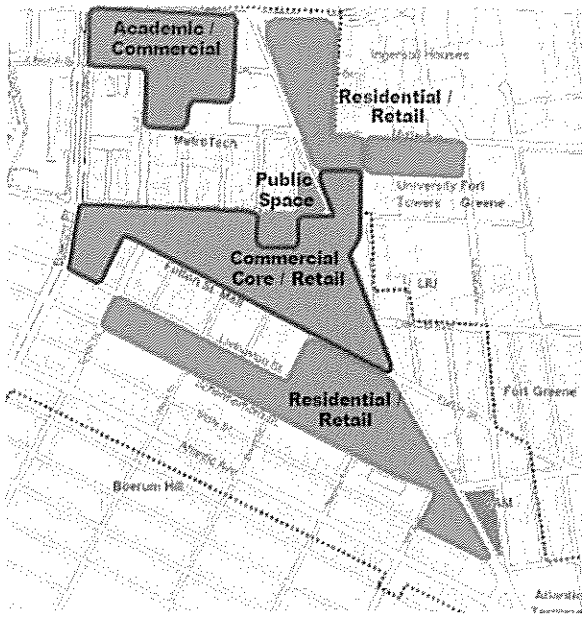
### COMMERCIAL ZONES INCREASINGLY DOMINATED BY RESIDENTIAL DEVELOPMENT

More than any time in the last half-century, businesses want the option to find a home in the burgeoning neighborhoods of the outer boroughs. Private sector jobs and business are growing much faster in the boroughs than in Manhattan. From 2002-2013, private sector jobs in the boroughs grew by 18% compared to 11% in Manhattan, and the number of private sector establishments grew by 29% compared to 11% in Manhattan.<sup>78</sup>

But new development in the outer boroughs has been



2004 Downtown Brooklyn Plan map showing the intended "commercial core" between Fulton and Willoughby



almost entirely residential.

One of the challenges is that both commercial zones<sup>79</sup> and the "MX" special mixed use district allow residential development as-of-right. And in the current context of New York City, residential development brings a premium return compared to other uses. As Tucker Reed of the Downtown Brooklyn Partnership was recently quoted "When commercial spaces in desirable Brooklyn neighborhoods can top \$40 a square foot, but residential is surpassing \$60 a square foot, developers will choose the latter every time."<sup>80</sup>

On top of the higher rents offered by residential development, both New York City and New York State offer a far larger array of programs and tax incentives that support housing development than commercial and especially industrial development.

This situation has led to a contradiction in which commercial and industrial property is in high demand, yet hardly any new supply is being delivered because nearly all of our zoning outside of "M" zones allows residential as-of-right. As a result, businesses from start-ups to major corporations are searching for space in the increasingly popular neighborhoods of the boroughs but are coming up empty.<sup>81</sup>

High-density commercial zones would seem to be the perfect home for new office building development. But just as in MX zones, as-of-right

residential development is also permitted in nearly all of the city's commercial zoning districts.

In 2004, the Bloomberg administration enacted a major rezoning of Downtown Brooklyn, allowing significantly larger towers in parts of the historic commercial core. The intent was to spur construction of a revitalized office district alongside new residential towers, creating 4.5 million square feet of new office space and 1,000 new housing units.<sup>82</sup>

But the new office construction never materialized, with developers instead choosing to build only residential towers or hotels. From 2005-2014, developers built eight new residential towers and five hotels in the core upzoned areas of Downtown Brooklyn between Tillary St and Schermerhorn St, adding nearly 3,000 new condominiums and apartments.<sup>83</sup> Upwards of seven additional residential towers with nearly 4,000 more units are under construction or soon to break ground. Nearly half of these new and planned residential and hotel towers are located in the "Commercial Core" identified in the 2004 Downtown Brooklyn Plan as the target for new offices. Only the "City Point" project at the site of the former Albee Square Mall has a significant office space component planned.<sup>84</sup>

Hotels and apartments simply provide a higher return per square foot for developers in the current market and if allowed to build any use, nearly all will naturally choose the use with the highest return. As a result, despite a high demand for office space, the intended third central business district for New York is rapidly becoming a bedroom community.

#### COMPANIES TURN TO M-ZONES TO FIND OFFICE SPACE

With commercial zones in areas like Downtown Brooklyn and MX zones in neighborhoods like Williamsburg producing new apartments and hotels, companies are increasingly turning to manufacturing zones to find office space. Manufacturing zones and the seldom used C7 and C8 zones designed for amusement parks and auto-body shops are the only zones in which commercial uses do not have to compete with residential uses.

In Manhattan, some of the last tracts of M

**Private Sector Jobs in NYC by Borough (OCEW 2013)**

**60% Manhattan**

**15% Brooklyn**

**15% Queens**

**7% Bronx**

**3% Staten Island**

1000 Dean Street in Crown Heights. Located in M1-1 zoning, the 137,000 former Studebaker factory has been renovated into office and light industrial space for creative economy businesses.

zoned land are in the Flatiron district from 23rd to 31st Streets between 5th and 7th Avenues. The large loft-style buildings in the neighborhood, protected from residential development pressure, fostered the growth of the “Silicon Alley” tech startup sector that has become a growing and highly value part of the city’s economy.<sup>85</sup> Fortunately, this area was not re-zoned for residential development and as a result houses a wide variety of companies in class B office space.

But the days of abundant office space for growing tech companies in Flatiron appear to be over. Increasingly high demand and competition for office space in the area have driven prices up 44% from 2010-2013 to nearly \$65 per square foot.<sup>86</sup>

With Flatiron and Chelsea increasingly out of reach for smaller firms and startups, companies have started to turn to Brooklyn and Queens in search of more affordable office space. And with almost no new commercial space being built in Downtown Brooklyn or the MX zones, the search for office space is beginning to center on the manufacturing zones.

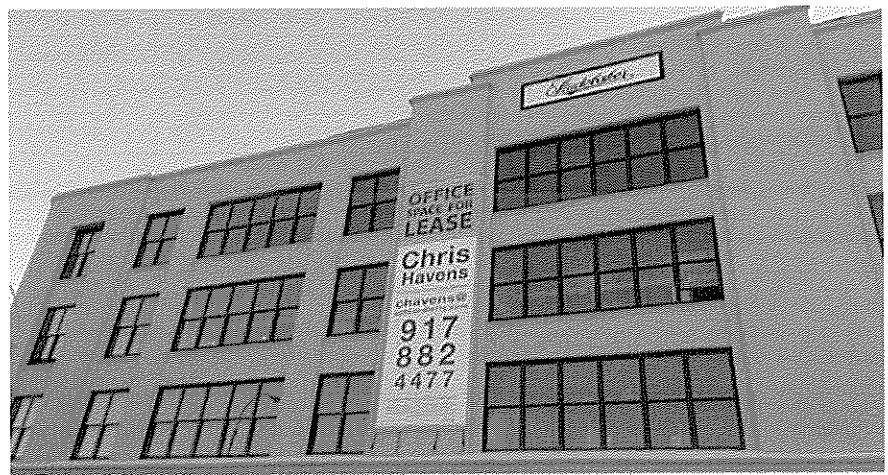
The two most high profile examples of this trend are the recent sale of the Jehovah’s Witnesses properties in DUMBO (located within M1-6 zoning) for \$375 million to a partnership of Kushner Companies, RFR Holding, and LIVWRK Holdings<sup>87</sup> and the purchase of a share of the enormous Industry City site in Sunset Park (located in M3-1 zoning) by Jamestown Properties, the developer known for Chelsea Market in Manhattan.<sup>88</sup> Both projects are looking to target their spaces to “creative economy” tenants in technology, media, and design.

This trend of developers and companies turning to manufacturing zones in Brooklyn and Queens for office space is accelerating rapidly.

- Amazon.com recently opened a 40,000 square foot photo and video studio in the Greenpoint-Williamsburg IBZ, with a spokesman stating “It’s going to be a mecca, we hope, for creative talent.”<sup>89</sup>

- In April 2014, the renovated Studebaker factory at 1000 Dean Street in the M1 zoning of Crown Heights opened its doors to “creative” and light manufacturing tenants.<sup>90</sup>

- In May, internet video company Livestream occupied a four story loft building in East



Williamsburg within the North Brooklyn IBZ.<sup>91</sup> Livestream’s founder told the New York Times that “nearly half of his employees live in Greenpoint, Williamsburg or Bushwick and he believes that the future of his work force is here,” and industrial broker Christopher Havens told the paper that “People live here, and they want to work here. But they can’t, because there’s no space.”

- In June, the Standard Motors Building in Long Island City sold for \$110 million, nearly tripling in value since 2008 and illustrating just how strong demand for office space in these neighborhoods has become.<sup>92</sup>

- In July, Vice Media announced a move to a 60,000 square foot industrial building in Southside Williamsburg, still zoned M3-1, where the company will invest \$20 million in renovations,<sup>93</sup> and online annotation company Genius announced a move to a new 43,000 square foot home in the manufacturing zone of Gowanus.<sup>94</sup>

On top of all of this activity, there are also plans on the drawing board for two new office developments within in the Greenpoint-Williamsburg Industrial Business Zone. At 87 Wythe Ave, Cayuga Capital is planning a new office building<sup>95</sup> and at 19 Kent Avenue, Heritage Equity Partners is planning a mixed office-retail-community facility complex that will occupy an entire block.<sup>96</sup> However, both developments are highly constrained by the M1-2 zoning that permits only 2.0 FAR. As a result, Cayuga’s building (the only one of the two for which renderings have been released), is a slender tower with small floor plates. ●

**29%**  
growth in establishments in the outer boroughs compared to 11% in Manhattan.

# Creative Economy Districts

### RECOMMENDATION

■ For manufacturing-zoned areas where commercial market demand has already led to a significant amount of conversion to non-manufacturing uses, a new “creative economy” special mixed use district should be established to encourage the development of productive and dynamic employment centers while also stabilizing industrial employment.

- Significantly increase as-of-right density to allow for commercial office additions to existing industrial buildings and/or the development of new loft-style flexible industrial/commercial buildings.

- Require a certain percentage of floor area remain reserved only for industrial use groups.

- Establish height caps and lot coverage requirements to encourage the development of flexible large floor plate loft-style commercial buildings rather than narrow towers.

- Require special permits for uses which can erode but also may have the potential to complement the district in certain cases (hotels, large-scale retail and entertainment, self-storage, athletic facilities, schools and other community facilities).

*Note – The “Creative Economy District” concept is appropriate for only some industrial areas. Core industrial areas with significant concentrations of manufacturing and industrial jobs should be protected from competing commercial development by Recommendation 1 – Industrial Employment Districts.*



**M**arket demand for commercial space in Brooklyn and Queens for technology and creative economy businesses is rapidly growing and zeroing in on manufacturing zones. But with low densities, high parking requirement and so many competing uses like hotels, mini-storage, and malls allowed, the current manufacturing zoning is far from ideal for development of new space.

How can the City best harness the growing energy of the creative economy to build dynamic employment districts for the 21st century?

In manufacturing-zoned areas where significant commercial conversions have already taken place, a new type of special zoning mechanism needs to be designed to encourage a mix of high-tech manufacturing, creative industries, and commercial office space.

Establishing “Creative Economy Districts” in addition to “Industrial Employment Districts” would unleash commercial and industrial growth and transform our manufacturing districts into “Engines of Opportunity.” These productive sectors would no longer be hindered by competition with incompatible uses like hotels and malls, or blocked-out by unproductive warehousing of property in hope of future residential rezoning. With the additional density, property owners would gain much more lucrative development opportunities than under the current zoning while still preserving these districts as employment centers.

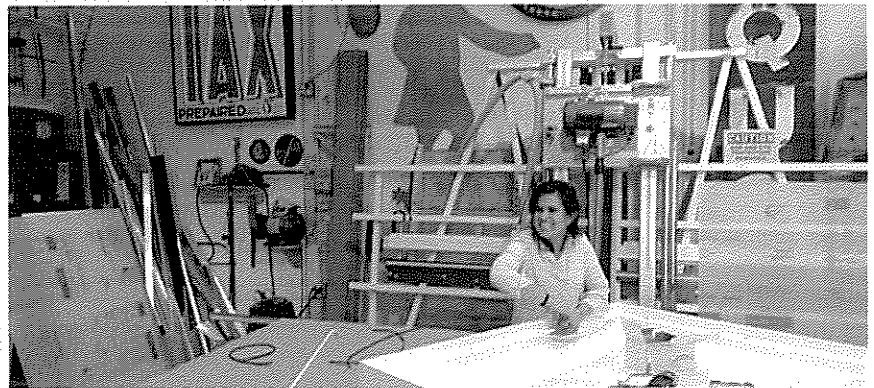
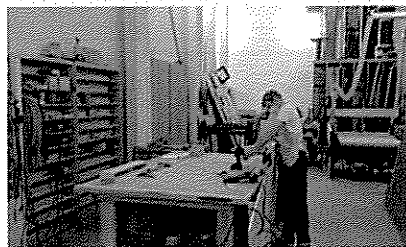
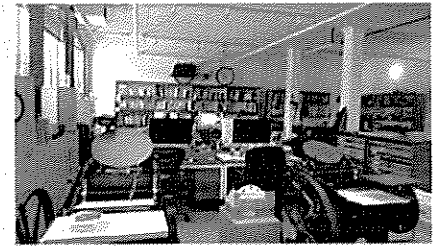


## Old American Can Factory

From 2003-2010, the Old American Can Factory in Gowanus was rehabilitated into a mixed-use center of creative economy employment. The 130,000 square foot complex is home to over 300 employees in dozens of small businesses in design, the arts, publishing, architecture, energy management systems, printing, music equipment, and sound recording.

The Old American Can Factory is located in a C8 zoning district which permits the full range of commercial activities, some community facilities, and light manufacturing.

Although intended to support automotive businesses, the combination of allowable uses in C8 zoning has allowed The Old American Can Factory to serve as a successful commercial model for how light manufacturing and creative production can be incubated, supported, and expanded. The facility is evidence of how industry and culture can not only coexist, but be mutually reinforcing. ●





# 3.



## How Do We Promote A Diversity Of Uses?

**N**ew York's 1961 manufacturing zones are no longer up to the task of maximizing productivity and employment. They neither protect our industrial sector nor encourage the full potential of innovative new sectors.

But while this report has described in detail how to turn these districts into "Engines of Opportunity," it is also essential to recognize the strong imperative to find areas suitable for increasing the housing stock. When considering areas of the city to target for added residential density, it is worth considering how this can be accomplished while also retaining or adding capacity for productive commercial and light industrial space.

While we would strongly advocate preserving the core industrial areas solely for industrial and in some cases commercial development, there are some areas under M and MX zoning that already have a mix of residential, commercial,

The large-scale residential developments that have replaced industrial properties are often entirely residential, lacking even ground-floor retail.



In all of the MX zones across the City, residential lot area increased by 71% from 2005-2014 while industrial and manufacturing lot area fell by 34%.

and industrial uses and could benefit from additional activity of all types.

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#### CURRENT "MX" ZONE DOESN'T LEVERAGE ECONOMIC DEVELOPMENT OPPORTUNITIES

As discussed earlier in the report one of the challenges of our zoning framework is that both commercial zones and the "MX" special mixed use district allow residential development as-of-right. And in the current context of New York City, residential development brings a premium return compared to other uses.

This situation has led to a contradiction in which commercial and industrial property is in high demand by businesses, but little new supply is being added.

With the establishment of the MX Special Mixed Use District in 1997, the City recognized that many types of light industrial use are in fact compatible in close proximity to residential. MX allows light industrial or commercial office uses to locate within the same building as residential, providing that the non-residential uses are located on floors below the residential. The zoning also allows up to 49% of a residential unit to be used for a "home occupation."

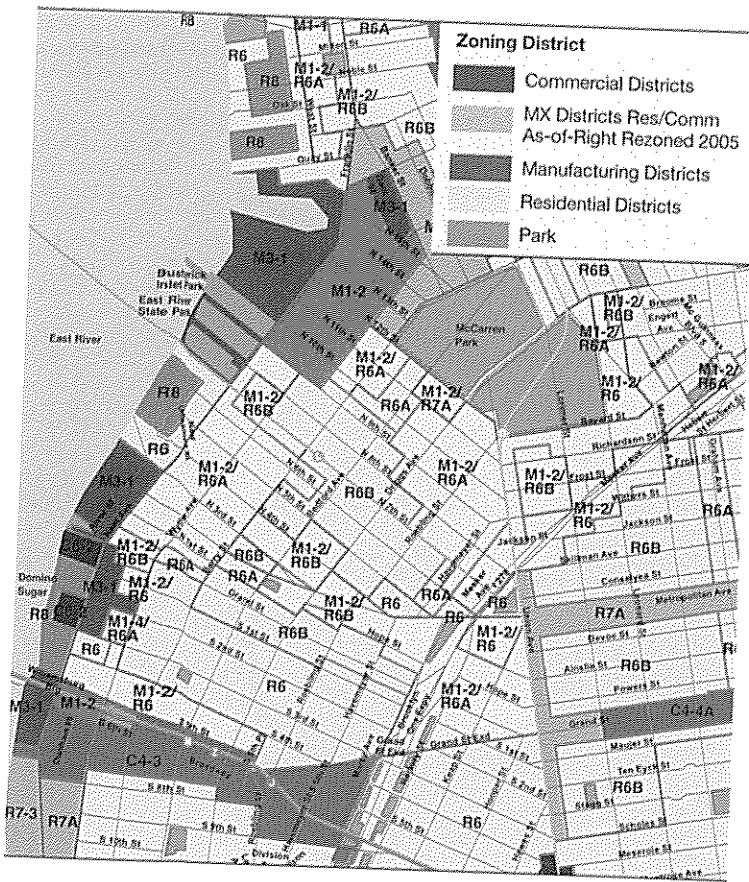
That stated purpose of the MX zone is "to encourage investment in mixed residential and industrial neighborhoods by permitting expansion and new development of a wide variety of uses... to promote the opportunity for workers to live in the vicinity of their work...[and] to promote the most desirable use of land in accordance with a well-considered plan."

The creation of the MX zone acknowledged the value of mixed-use neighborhoods and tried to find a solution that could increase the residential capacity while maintaining their dynamism. At the time, the "MX" zone was innovative in its allowance for as-of-right development of a mixture of residential, commercial, light industrial, and community facility uses within the same building.

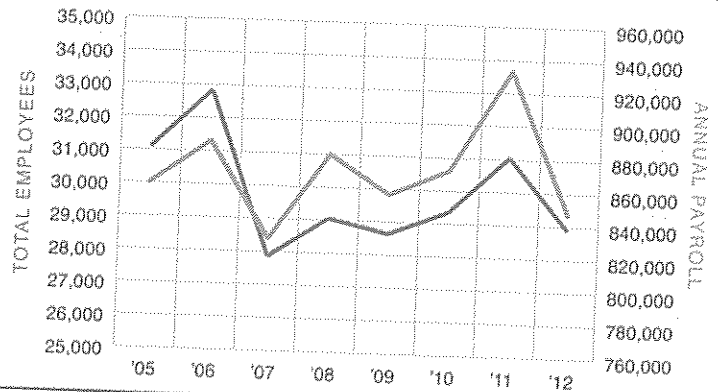
But because MX does not require a mixture of uses, the economics of real estate have produced almost exclusively residential development and in the process pushed out other uses. Due to the marked premium in price per square foot offered by residential development in comparison to other uses, it is not surprising that this has been the case.

In all of the MX zones across the City, residential (including the "mixed use" category

### Williamsburg - Rezoned MX 2005 Current Zoning

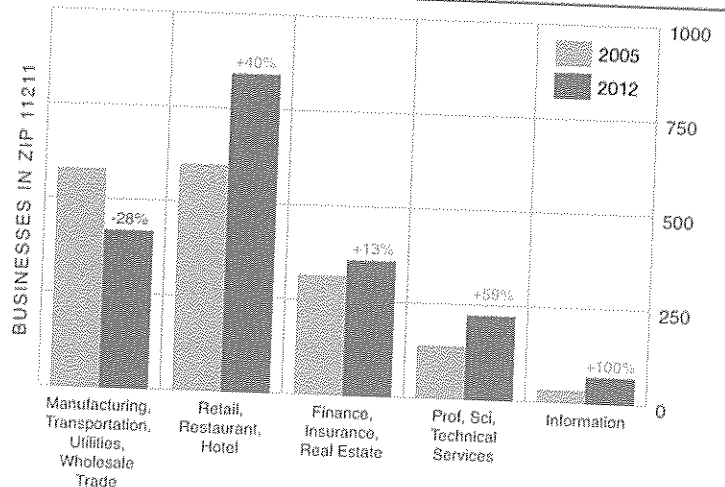


### Williamsburg Brooklyn (ZIP 11211) Economic Change 2005-2012



Annual Payroll in 1,000's, US Census Bureau - County Business Patterns

### Williamsburg Brooklyn (ZIP 11211) Change in Number of Businesses by Selected Sectors



for residential with ground floor retail) lot area increased by 71% from 2005-2014 while industrial and manufacturing lot area fell by 34%. Commercial lot area within the MX zones actually increased 50% from a low starting point, but the vast majority of these commercial uses are not offices but conversions of ground-floor industrial buildings into retail and restaurants to serve the new residential population.

#### 2005 REZONING OF WILLIAMSBURG

One of the neighborhoods where these dynamics have played out over the longest period of time is Williamsburg and it therefore serves as a useful place to understand how these zoning districts interact with the real estate market.

In the 2005 rezoning of Williamsburg-Greenpoint, roughly 190 acres of land in Williamsburg was rezoned from either the Northside Special Mixed-Use District or manufacturing zoning to the "MX" designation, allowing residential development as-of-right.

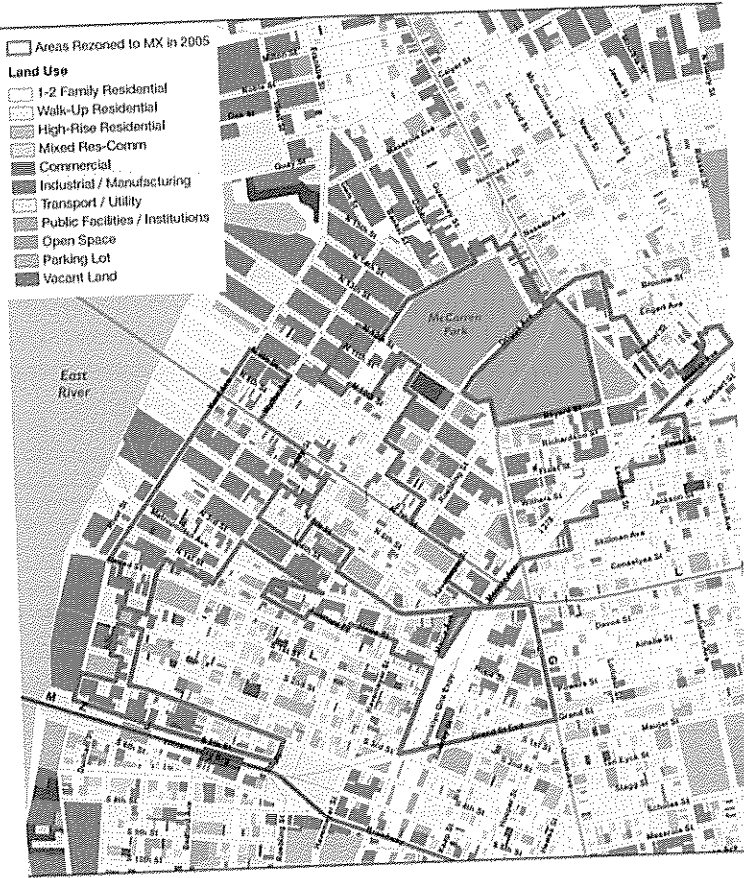
Since 2005, industrial land within the areas

rezoned to MX has declined by 46 acres or over 55%. Residential use has correspondingly increased by 40 acres, or over 110%.

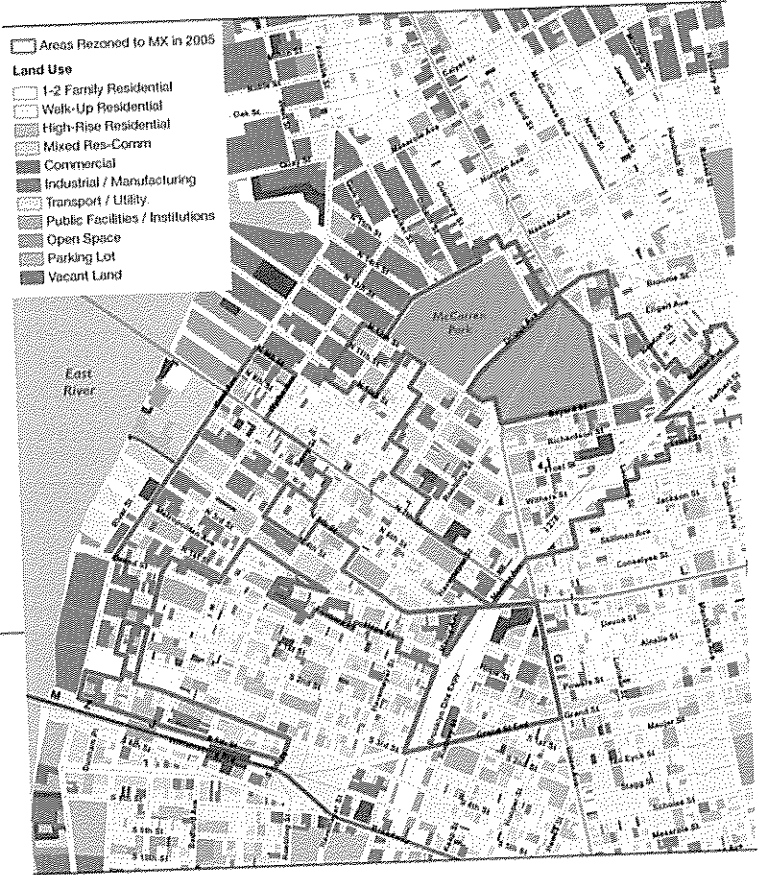
Williamsburg's experience with "MX" zoning demonstrates that in areas with hot real estate markets, allowing all uses as-of-right leads residential — the "highest and best use" — to dominate. This change has affected the local economy in profound ways.

From 2005-2012, the number of retail, restaurant and hotel businesses increased by 40%, while the number of professional, scientific, and technical services business increased by 59% and "information" businesses increased by 100% (but from a low baseline).

### Williamsburg Rezoned to MX in 2005 Land Use in 2005



### Williamsburg Rezoned to MX in 2005 Land Use in 2014



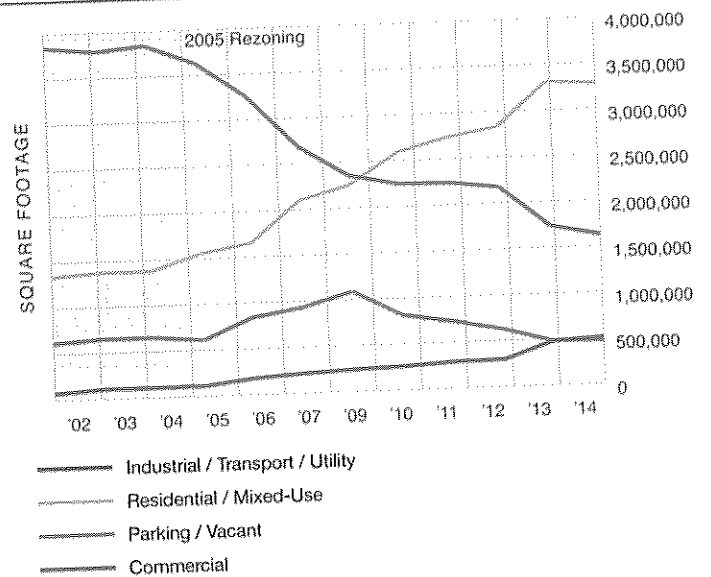
But these gains were offset by a decline of 28% in the number of industrial businesses. Overall, total employment and payroll in zip code 11211 is virtually flat during this period despite the boom in new development.

If one of our public policy goals is to grow the local economies of the outer borough neighborhoods and create new employment centers while permitting some residential growth, the “MX” zoning approach needs to be re-thought.

Traditional mixed-use industrial-residential-commercial neighborhoods have a unique dynamism that has made them tremendously popular. These kinds of diverse walk-to-work neighborhoods with a variety of flexible spaces for a range of different industries are often held up as the ideal urban environment for the 21st century.

While other cities are using a full toolbox of zoning and incentives to create mixed-use neighborhoods, New York’s “MX” zoning is actually undermining the mixed-use character that made these neighborhoods so successful. ●

Williamsburg Rezoned to MX in 2005  
**Change in Land Use 2002 – 2014**  
(Approximately 190 acres in total, nearly all in ZIP code 11211)





# Residential/ Commercial/ Light Industrial Mixed Use Zones

### RECOMMENDATION

- Establish new vertical mixed-use zoning designations that require a mixture of residential development with commercial and/or high performance industrial. Such districts can provide a new tool for facilitating additional residential density while also maintaining space for important job-generating businesses.
  - One such possibility may be to rezone to allow residential development but require 1 FAR to be set aside for high-performance light industrial use groups.
  - It may also be possible to strongly incentivize, rather than require, a mixture of uses by maintaining the current MX framework while tacking on additional employment oriented commercial and/or light industrial floor area that does not count against the total allowable FAR.
  - True mixed-use industrial-residential zoning might be especially well-suited for certain areas currently zoned M where there is consensus that new residential development may be appropriate, to improve the existing MX zones, and for upzoning of potential residential corridors that are currently industrial in character.
- Study the potential of a more flexible mixed-use preservation mechanism that would permit the transfer of residential development rights within mixed use districts in order to facilitate the preservation of industrial space.
- Explore incentives for "stewardship ownership" by mission-driven non-profit owners, as described in Recommendation 1 of this report, including the potential of such owners in managing permanent affordable industrial space within a mixed-use district.
- A different type of vertical mixed-use zone should also be developed for intended commercial zones like Downtown Brooklyn, requiring a certain percentage of FAR be reserved for commercial office space at the base of the building.



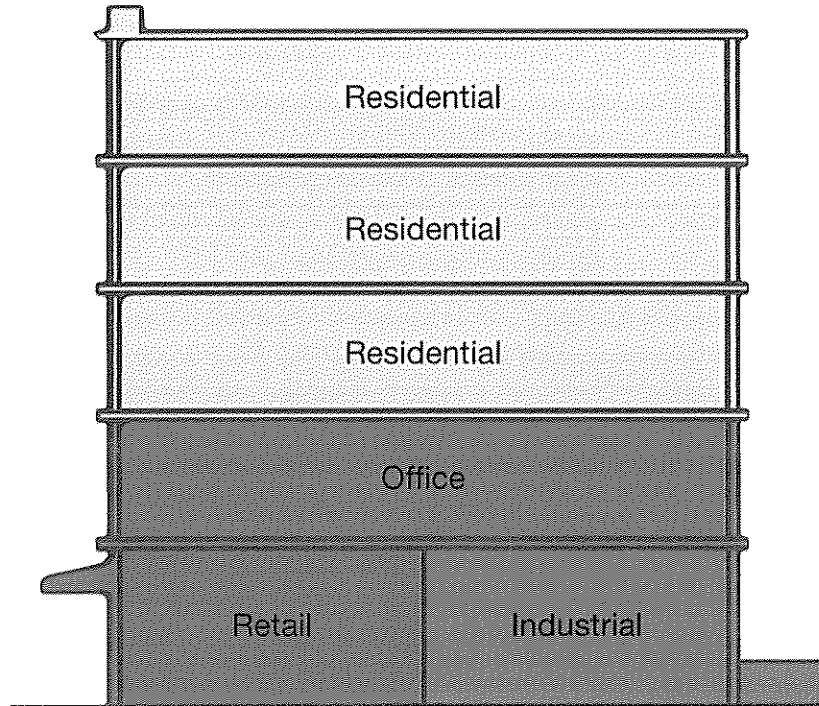
**W**ith the "MX" zone clearly failing in some cases to nurture a dynamic mixture of uses, we must explore new, more innovative ways to encourage diverse and equitable neighborhood growth.

Vertical mixed-use zones, with a mixture of uses required or strongly incentivized, are a potential solution for increasing housing capacity while also ensuring that job-creating businesses retain space.

Although examples of existing vertical mixed-use zones in other cities that include industrial are fairly rare, it is important to remember that this kind of mixture of uses was common before modern zoning codes sought to enforce separation of uses.<sup>97</sup> Many of New York's M zones have numerous grandfathered residential buildings interspersed among industrial buildings. Residential loft conversions in various stages of legality can also be found above active ground-floor industrial in many New York City manufacturing zones. One property owner in the Long Island City MX zone recently filed an application with the Department of Buildings for a new five-story mixed-use industrial-residential building with 25,018 sqf of residential and 11,415 sqf of manufacturing space.<sup>98</sup>

Our regulations need to keep pace with the changes in our neighborhoods and our local economies and increasingly there are a range of companies that would prefer to cluster outside of our "central business districts." And while the production of housing is a critical goal we also need to take

**Potential Vertical-Mixed Use Layout**



advantage of this interest on the part of small companies and individuals to create new commercial and light industrial space and find ways of supporting the texture and economic activity of our diverse neighborhoods.

It may not be possible in all cases to accommodate a mixture of residential and industrial uses within every individual building. When considering new required mixed-use zoning districts, it is also worth exploring models that allow the transfer of residential development rights among parcels when manufacturing space is permanently preserved. Such a mechanism could be more flexible than zoning lot mergers by allowing transfers to appropriate receiving sites.

Blocks within a mixed-use district that are more likely to support residential development could be designated as receiver sub-districts for new residential density while blocks that are more strongly industrial in character could be designated as generator sub-districts and preserved for industrial. Industrial sites that generate the transferred density, in order to complete the transaction, would ideally be required to engage in a preservation program either through deed restriction or an agreement with an industrial land trust.

This kind of strategy, which looks to ensure a mix of uses across a district instead of in one building, will require further study but is a potentially promising solution to maintaining truly mixed-use neighborhoods. ●

3200 Carbon Place at the Boulder Steelyards



**Examples in Other Cities**

**BOULDER, CO** - The City of Boulder, Colorado created an "Industrial – Mixed-Services" zone as a buffer between residential communities and core industrial areas. In "IMS-Z" zoning districts, "first floor uses are predominantly industrial in character; uses above the first floor may include residential or limited office uses."<sup>99</sup> Although a very different built environment from New York, Boulder has been innovative in seeking to encourage a truly broad range of uses in new development projects.<sup>100</sup>

**AUSTIN, TX** - In 2007, Austin established a vertical mixed-use zoning overlay district that provides strong incentives for developers to include retail and office space on the ground floor and second floor. In exchange for including a mixture of uses, developers are exempt from limits on FAR, lot coverage, and setbacks. Parking requirements are also reduced by 40%.<sup>101</sup> Zoning districts that strongly incentivize vertical mixed-use construction are becoming increasingly common in cities across the nation.

**WASHINGTON DC** - As part of its recently released "Creative Economy Strategy," Washington DC is currently exploring the creation of a new zoning district that would allow residential uses above ground floor "creative production" uses.<sup>102</sup>

# Notes

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- <sup>2</sup> United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) 2013. Available at <http://www.bls.gov/cew/data.htm>
- <sup>3</sup> New York State Department of Labor, Current Employment Statistics. Available at <http://labor.ny.gov/stats/nyc/index.shtm>
- <sup>4</sup> New York State Department of Labor, Current Employment Statistics.
- <sup>5</sup> Edward L. Glaeser. "Urban Colossus: Why is New York America's Largest City." *Federal Reserve Bank of New York Economic Policy Review*. December 2005.
- <sup>6</sup> Glaeser id.
- <sup>7</sup> Marc A. Weiss. "Density and Intervention: New York's Planning Traditions." *The Landscape of Modernity: Essays on New York City, 1900-1940*. Available at [http://www.globalurban.org/Density\\_and\\_Intervention.pdf](http://www.globalurban.org/Density_and_Intervention.pdf)
- <sup>8</sup> New York City Department of City Planning. "About Zoning: Background." <http://www.nyc.gov/html/dcp/html/zone/zonehis.shtm>
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- <sup>10</sup> Richard Harris. "Industry and residence: The decentralization of New York City, 1900-1940." *Journal of Historical Geography* 19.2 (April 1993): 169-190.
- <sup>11</sup> New York City Department of City Planning id.
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- <sup>13</sup> "New York City's Decline in Manufacturing Gained Momentum in 1980." *The New York Times*. March 22, 1981 <http://www.nytimes.com/1981/03/22/nyregion/new-york-city-s-decline-in-manufacturing-gained-momentum-in-1980.html>
- <sup>14</sup> Glaeser, id.
- <sup>15</sup> Rita Kramer. "New York's Missing Megastores." *City Journal*. Autumn 1996. [http://www.city-journal.org/html/6\\_4\\_new\\_yorks\\_missing.html](http://www.city-journal.org/html/6_4_new_yorks_missing.html)
- <sup>16</sup> Brooklyn Community Board 1. "Williamsburg Waterfront 197-A Plan." Spring 2002. [http://www.nyc.gov/html/dcp/pdf/community\\_planning/bk1\\_williamsburg\\_197a.pdf](http://www.nyc.gov/html/dcp/pdf/community_planning/bk1_williamsburg_197a.pdf); New York City Zoning Resolution 111-00, "Special Tribeca Mixed Use District." [http://www.nyc.gov/html/dcp/html/zone/zh\\_special\\_purp\\_mn.shtml](http://www.nyc.gov/html/dcp/html/zone/zh_special_purp_mn.shtml)
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- <sup>18</sup> The Manufacturing Land Use and Zoning Initiative. "Making it in New York." Pratt Center, Municipal Arts Society, 2001.
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- <sup>21</sup> New York City Department of City Planning, David N Dinkins, Richard L Schaffer. "Citywide Industry Study." January 1993.
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- <sup>24</sup> Zoning Resolution of the City of New York, Article XII – Special Purpose Districts. Available at [http://www.nyc.gov/html/dcp/html/zone/zh\\_special\\_purp\\_cw.shtml](http://www.nyc.gov/html/dcp/html/zone/zh_special_purp_cw.shtml)
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- <sup>30</sup> "Zoning for Jobs" included the following organizations: *Allied Printing Trades Council, Amalgamated Lithographers of America, Local One, Bakery, Confectionery, & Tobacco Workers, Local Three, Bathgate Industrial Park Local Development Corporation, Boricua College Small Business Development Center, Brooklyn Chamber of Commerce, Brooklyn Economic Development Corporation, Bronx Overall Economic Development Corporation, Center for an Urban Future, Community Service Society of New York (CSS), East Williamsburg Industrial Development Corporation, Erasmus Neighborhood Federation, Fifth Avenue Committee, Fiscal Policy Institute, Garment Industry Development Corporation, Good Jobs New York, Greenpoint Manufacturing and Design Center, Green Worker Cooperative, Harlem Community Development Corporation, Human Rights Project, Urban Justice Center, Industrial & Technology Assistance Corporation (ITAC), Manufacturers Association of New York City, Manufacturing Woodworkers Association of Greater New York, Inc., Metropolitan Waterfront Alliance, Mirabal Sisters Cultural & Community Center, Municipal Art Society of New York (MAS), Myrtle Avenue Revitalization Project LDC, Neighborhood Economic Development Advocacy Project, Neighbors Against Garbage (NAG), New York City Carpenters Union Labor Management, New York City Central Labor Council, New York City College of Technology - Business & Industry Training Center, New York City Environmental Justice Alliance (NYCEJA), New York Industrial Retention Network, New York Unemployment Project, Place In History, Pratt Area Community Council, The Point Community Development Corporation, Pratt Center, Queens Economic Development Corporation (QEDC), St. Nicholas NPC, South Bronx Overall Economic Development Corporation (SOBRO), Southwest Brooklyn Industrial Development Corporation, State University of New York - Brooklyn Educational Opportunity Center, Sustainable South Bronx, UAW Region 9A New York Area CAP Council, UNITE-HERE, UPROSE, Urban Agenda, and the Working Families Party.*
- <sup>31</sup> City of New York, Mayor Michael Bloomberg. "New York City Industrial Policy: Protecting and Growing New York City's Industrial Job Base." January 2005. <http://www.sbidc.org/documents/IBZ.pdf>
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<sup>33</sup> New York City Economic Development Corporation. "All Ratified IBZs Fall 2013." [http://www.nycedc.com/sites/default/files/filemanager/All\\_Ratified\\_IBZs\\_Fall\\_2013.pdf](http://www.nycedc.com/sites/default/files/filemanager/All_Ratified_IBZs_Fall_2013.pdf)

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<sup>41</sup> Justin Rocket Silverman. "Williamsburg's Wythe Ave. soars as global mecca for entertainment and nightlife." New York Daily News. April 11, 2014. <http://www.nydailynews.com/life-style/real-estate/wythe-ave-hits-prime-time-entertainment-mecca-article-1.1749819#ix-zz2yrgzXDPU>; Eli Rosenberg. "How NYC's Decade of Rezoning Changed the City of Industry." Curbed. January 16, 2014. [http://ny.curbed.com/archives/2014/01/16/how\\_nycs\\_decade\\_of\\_rezoning\\_changed\\_the\\_city\\_of\\_industry.php](http://ny.curbed.com/archives/2014/01/16/how_nycs_decade_of_rezoning_changed_the_city_of_industry.php)

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<sup>44</sup> Jotham Sederstrom. "Small Businesses Feel Big Zoning Squeeze." New York Daily News. October 4, 2005. <http://www.nydailynews.com/archives/boroughs/small-businesses-feel-big-zoning-squeeze-article-1.615189>

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<sup>54</sup> Tom DiChristopher. "High occupancy at Brooklyn Navy Yard Pinches Growing Room." June 6, 2014. <http://therealdeal.com/blog/2014/06/06/high-occupancy-at-brooklyn-navy-yard-pinches-growing-room/>

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<sup>56</sup> Keiko Morris. "Long Island Gains From Industrial Demand." The Wall Street Journal. August 24, 2014 <http://online.wsj.com/articles/long-island-gains-from-industrial-demand-1408929660>

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<sup>63</sup> US Census, American Community Survey 2012

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<sup>66</sup> US BLS QCEW Data 2013

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<sup>68</sup> GMDC 2014, id

<sup>69</sup> Petro 2014, id

<sup>70</sup> Pratt Center 2008 id, Winifred Curran, "In Defense of Old Industrial Spaces: Manufacturing, Creativity, and Innovation in Williamsburg, Brooklyn." *International Journal of Urban and Regional Research* 34.4 (December 2010): 871-885.

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- <sup>78</sup> US BLS QCEW Data
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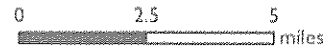
Photography and mapping contributed by Brian Paul, with additional photography by Daniel Phelps





# New York City

## Council Districts with 10%+ Industrial Labor Force



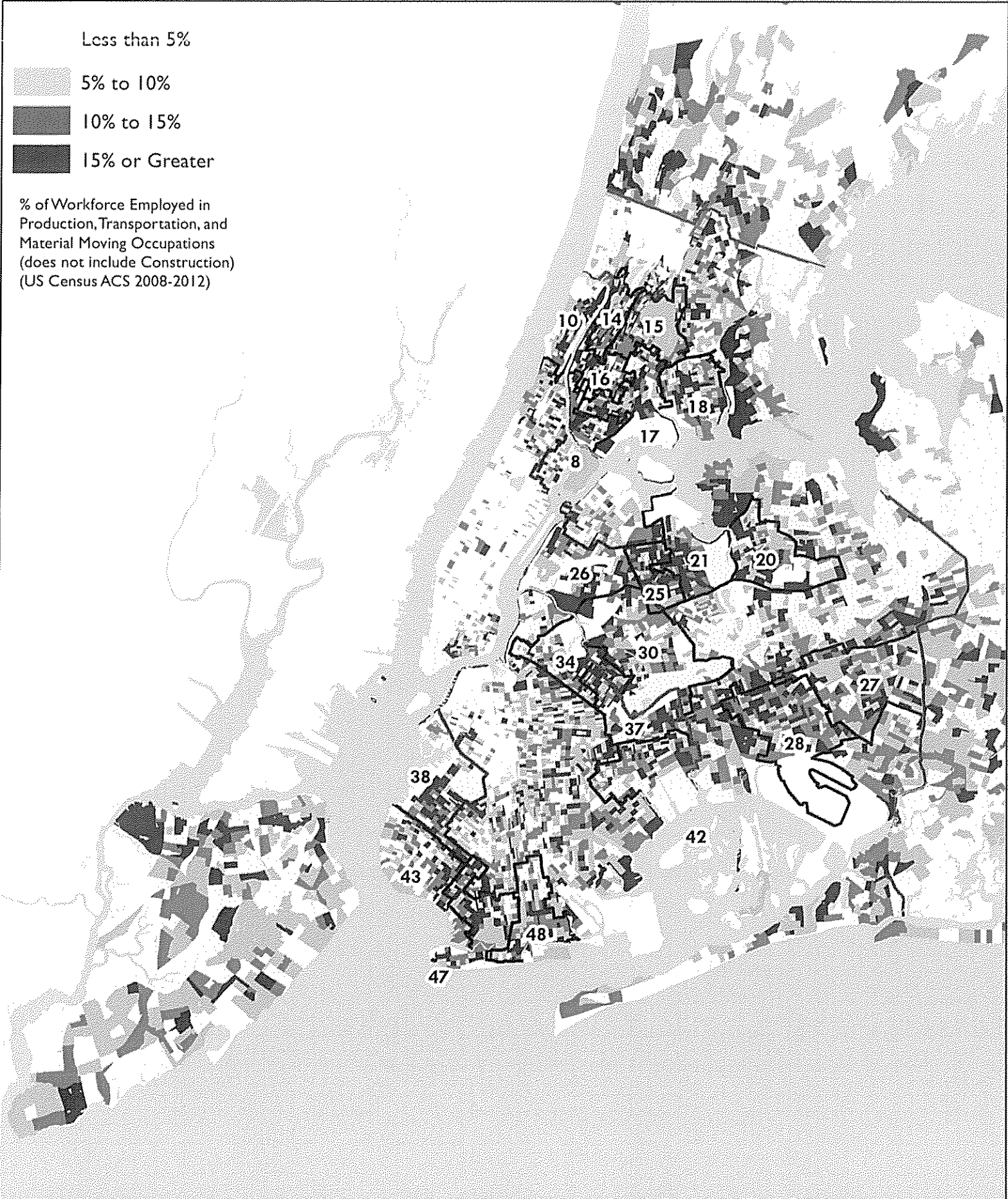
Less than 5%

5% to 10%

10% to 15%

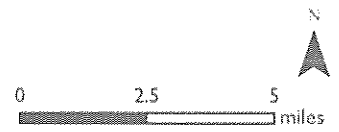
15% or Greater

% of Workforce Employed in  
Production, Transportation, and  
Material Moving Occupations  
(does not include Construction)  
(US Census ACS 2008-2012)

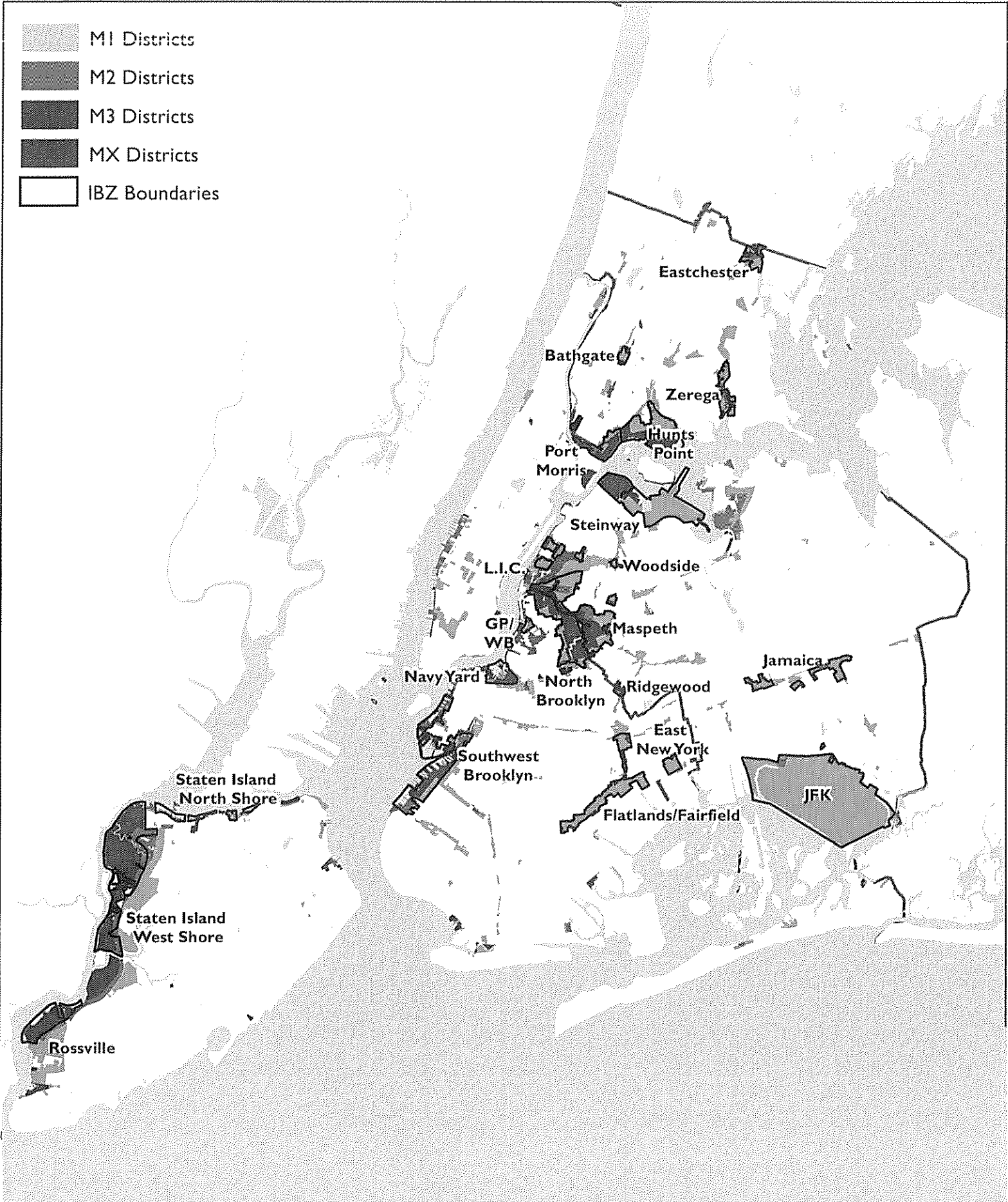




# New York City Manufacturing Zones and IBZs



- M1 Districts
- M2 Districts
- M3 Districts
- MX Districts
- IBZ Boundaries



5/6/2015

**Statement of the Honorable Carl Weisbrod, Chairman of the NYC Planning Commission and Director of the Department of City Planning, before the Land Use Committee of the City Council, on Industrial Land Use and Zoning Policy**

Good afternoon, Chairman Greenfield and members of the Committee. I am pleased to be joining my colleagues, Small Business Services Commissioner Maria Torres Springer and EDC President Kyle Kimball, and to testify about the role the Department of City Planning has in Mayor de Blasio's effort to support and grow the City's industrial sector. As the City's planning and land use agency, DCP's role is to devise land use policies that promote the economic vitality of all the city's business areas. Industrial areas are a particular focus for the de Blasio administration because they are an important source of better-paying jobs for New Yorkers, particularly for those who are not college graduates. This is a planning area where the City Council has shown leadership and I want to commend the Council and its Land Use staff on its Engines of Opportunity report, released late last year. That report provides a strong basis for cooperation between the Council and City Planning to test new ideas regarding industrial land use policy. A healthy industrial sector is needed to ensure a diversified economy that benefits all New Yorkers. Finding the appropriate land use policy to achieve this is a priority both the Council and the Administration share.

At the outset, I want to provide a snapshot of the economic outlook for the City. New York City has the most dominant, diversified urban economy in the world. Moreover, our economy today is stronger than it has been in my working lifetime.

In 2014—the first year of the de Blasio administration—we gained 120,000 private sector jobs, the most in at least a quarter of a century. And these jobs cut across the spectrum:

- 25,000 professional and business services jobs.
- 33,000 education and health jobs.
- 11,000 finance jobs.
- The industrial sector recorded small job gains, a reversal of the long-term trend in which industrial and manufacturing employment was in decline.

More than 50% of our newly created jobs are in sectors considered high paying or middle-class earning. Economists expect the percentage of middle-class jobs to increase in the immediate years ahead. And while some new jobs pay less than we would wish, we still need and want those jobs because they support our thriving tourism, hospitality, restaurant, and retail industries, among others. As Mayor de Blasio has underscored, we need to support the New Yorkers working these economically essential jobs by assuring a living wage, requiring a higher minimum wage, and providing for paid sick leave and family leave. We need to provide a safety net for lower-paid workers and offer them opportunities for skills training to qualify for higher-skilled and higher-paying jobs.

But, in general, our economy is more diversified than it has been in decades. And like the theory behind a diversified investment portfolio, this will help cushion us against changing market conditions and inevitable business cycles.

As the Mayor said at his recent ABNY speech, the City is committed to maintaining and enhancing its industrial areas. One critical commitment to this end is Mayor de Blasio's objective to improve one of the City's most important industrial areas, the Hunts Point Food Terminal in the Bronx. The city will invest \$150 million over 12 years to modernize existing buildings and infrastructure at Hunts Point, open up new space for small businesses, and make the site more sustainable and resilient to coastal flooding. Hunts Point currently employs over 8,000 people, and this investment will protect those jobs and position the site to create many more jobs for New Yorkers in the future.

And we will continue to press for the transformation of the Sheridan Expressway, which includes providing stronger, easier, and more environmentally sound vehicular connections to the Hunts Point Market, as well as creating a boulevard that will provide community access to the Bronx River. I know you join with us in urging the State Department of Transportation to move forward with its Environmental Review of this transformational endeavor. This is the kind of infrastructure investment that promotes industry and manufacturing, the surrounding residential community, and a cleaner, healthier environment.

The City is also committed to encouraging existing land use patterns within the city's core industrial and manufacturing areas. Core industrial and manufacturing areas are concentrations with proprietary city functions, as well as other activities that are



generally not compatible with residential use, such as intensive truck, rail, and water transport. These are the city's most important locations for industrial business activity and public sector industrial facilities. They often feature lower density and land-intensive or water-dependent uses like vehicle fleet parking, concrete and asphalt production, or open storage yards. These functions are presently concentrated in the city's lower density M2 and M3 districts, as well as in some low-density M1 districts that are generally far from mass transit.

While the kinds of businesses that dominate in the core industrial and manufacturing areas often need to be separated from residential neighborhoods, not all manufacturing and industrial uses are totally incompatible with commercial and, possibly even, residential use. The Department of City Planning will also explore new prototypes for mixed-use buildings and districts that, through incentives or zoning requirements, maintain and promote compatible industrial or manufacturing uses over the long term as new mixed-use districts are created.

To me, it seems clear that one size does not fit all. The Department of City Planning is committed to carefully studying the appropriateness of land use changes at the neighborhood level. In some manufacturing-zoned areas more creative approaches to allow a wider mix of uses that can stimulate industrial and other kinds of employment—in emerging industries that are often hard to categorize—may be desirable. In other industrial zones, land-intensive, high-impact industry and 'housekeeping uses' such as school bus parking may require tighter restrictions than what currently exists. And virtually all areas will require public and/or private capital investments to upgrade infrastructure as well as privately owned facilities.

Private property owners in manufacturing zones who wish to pursue zoning changes have the right to do so. I have said that we will follow the Charter mandate to certify applications when they are complete—whether we think they are substantively perfect or not. Of course, that does not mean the Planning Commission will ultimately support applications we believe are not appropriate. But the Department is also committed to working with private applicants to help them craft applications that are sensitive to the needs of industrial businesses and communities, and we will urge such applicants to reach out to their local Councilmember and community board. The ULURP framework continues to provide communities and elected officials with the right mechanisms to ensure the best planning outcomes possible.

One large area that presents a full variety of manufacturing zone contexts, policy issues and opportunities is the north Brooklyn industrial area, which includes portions of the neighborhoods of Greenpoint, East Williamsburg and Bushwick, some of the fastest-changing areas in the city. We're not going to stop change in this area, but we can shape and channel change to provide the maximum benefit to the city, to our businesses and the workers they employ, as well as to the North Brooklyn community. Therefore, I am proposing today that the Department of City Planning undertake a comprehensive land use and transportation study of the industrial areas in the North Brooklyn area. This large area, located within Brooklyn Community Districts 1 and 4, forms a large contiguous block of land zoned for manufacturing that ranges from precincts that are heavily industrial to zones with a diverse mix of commercial, industrial, and residential uses. Several new as-of-right commercial, retail, and entertainment uses have opened within the M1 districts, particularly in the area near the L-train stop at

Morgan Avenue, in response to increased demand from population and economic growth in the neighborhood. Several property owners have approached our Brooklyn Office requesting rezonings to allow new residential, while others have requested parking reductions or higher FARs for new speculative office and light industrial uses. In each instance we have encouraged the private entities to reach out to the local Councilmember early in the process. Meanwhile, the heavy industrial area along Newtown Creek and English Kills in North Brooklyn continues to function as a stable industrial area.

Most of the M and C8 zones in North Brooklyn have not been studied since 1961. Also, they were mapped at a time when employment was highly concentrated in the manufacturing sector, and the area was envisioned as a future location for low-density industrial uses with significant parking.

North Brooklyn has great potential for more careful considerations of the way the city treats its M zones. Much of this area is what we would consider a core industrial area where essential city services and land intensive uses are located. Our study would propose strategies to continue to maintain and strengthen this core. In other discreet portions potential land use prototypes worth considering as part of the study may include:

- An ‘expanded commercial district’ that seeks to grow employment and encourage new private development by allowing a diverse mix of commercial uses.
- A new mixed-use typology that seeks to balance residential growth with the needs of existing industrial and commercial businesses.

A planning framework for the area is necessary to address competing interests and land use conflicts, as well as to allow for the orderly development of the area in a way that allows for the future growth of the city that also meets the needs of the local community and existing businesses. Since the second half of 2014, there has been significant private sector interest in residential and mixed industrial/residential development in this area. The potential planning framework is further complicated by the location of the strongest industrial portion of the study area within the 100-year flood zone, making investment in new and rehabilitated buildings much costlier.

This work to support existing businesses and help new ones grow will require close coordination with the many public and private stakeholders involved in the city's industrial areas, including the City Council and city agencies such as ORR, OEM, EDC, SBS, OER, MTA, DOT, and DEP. And, of course, we will undertake this with due regard for other area-wide planning efforts affecting manufacturing and industrial areas. We look forward to working with you closely on this undertaking.

I also want to take this opportunity to mention one of our ongoing studies. Many New York City industrial areas, including North Brooklyn, remain vulnerable to coastal flooding and storm events, presenting significant challenges to the nearly 3,000 industrial businesses and over 50,000 employees located within the flood zone. Resilient Industry is a FEMA-funded study we are conducting in partnership with the New York City Office of Emergency Management that addresses the economic, environmental, and public safety risks related to industrial activities located within the flood zone. Incorporating the wealth of industrial and resiliency expertise spread across New York City's public, private and non-profit sectors, Resilient Industry will provide a

toolkit of physical, operational, and financial recommendations that will protect New York City's industrial economy, its communities, and natural resources from future floods and rising sea levels. The study will also provide a clear understanding of the impact of Hurricane Sandy on the city's industrial businesses and any public health and environmental hazards that resulted from flooding of industrial properties. This is a one-year study with a target completion date of Summer 2016.

The industrial economy has been—and will continue to be—of critical importance to our city's economy. Zoning and land-use mechanisms are valuable tools to address the needs of the industrial and manufacturing sector. But they are only one set of tools in a broader approach. You have heard from Commissioner Torres Springer, and will now hear from EDC President Kyle Kimball, on other important elements of the de Blasio administration's strategy. The Administration is proud of our achievements to date, and we are committed to continuing our partnership with the City Council and our colleagues throughout government as we work to build on our successes and lay the groundwork for future growth in this critical sector.



**New York City Economic Development Corporation**  
**New York City Council Oversight Hearing:**  
**Industrial Land Use and Zoning Policy – Challenges and Opportunities**  
**Kyle Kimball, President**  
**May 6, 2015**

**Introduction**

Good afternoon Chair Greenfield and members of the Committee on Land Use. I am Kyle Kimball, President of the New York City Economic Development Corporation (“NYCEDC”), and I am pleased to join Carl Weisbrod, Director of the New York City Department of City Planning and Chairman of the New York City Planning Commission, and Department of Small Business Services Commissioner Maria Torres-Springer in testifying before you today. Together with members of my staff, I am pleased to discuss our work to support the industrial sector.

As the City’s primary vehicle for economic development in New York City, EDC is committed to creating quality jobs in dynamic, resilient neighborhoods. And industry and manufacturing play a growing role in that strategy. EDC has had a longstanding commitment to supporting industrial businesses. On behalf of the City, we manage a variety of industrial assets around the five boroughs and run a number of programs to strengthen the industrial community throughout the city, ensuring that New York’s traditional economic engines have the space and workforce to continue to grow, and encouraging promising emerging trends in the industrial sector.

Technology has radically disrupted the manufacturing sector, and the nature and business of production are changing. In addition to the more traditional freight-, transport-, and energy-intensive engines of economic activity like waste management, cement and asphalt production, and heavy manufacturing, now production also includes

newer, lighter forms of manufacturing, from 3D Printing, makers, culinary, biotech, clean energy, fashion design, and even digital technology.

Not only do New Yorkers have a great deal of diverse and talented skill sets, which we are seeking to fully unleash through programs outlined in the administration's *Career Pathways* report, but the City also boasts a large number of physical assets that we are tapping in order to help this sector realize its full potential.

Between 2011 and 2012, while still modest, the city's manufacturing sector saw its highest annual growth in three decades. To support continued growth in this changing industry, we manage a series of 21 Industrial Business Zones around the city that ensure our industry has the space to thrive, a host of incentive and support programs help businesses grow and scale, and a growing network of incubators that provide support for entrepreneurs and re-create the environments from which companies like LittleBits and Adafruit have grown.

I will begin by explaining our strategy for our physical industrial assets, before I describe some of our programs for encouraging human capital development in the industrial sector.

### **Industrial Assets**

In the de Blasio administration, our asset management strategy follows a double-bottom line approach. What this means is that, instead of leasing to tenants that can simply pay the rent, we are leveraging our City-owned assets not only to realize a strong fiscal return, but to make sure that we are also catalyzing job growth and promoting inclusive innovation.

Let me first use the example of the **Brooklyn Army Terminal**, or BAT. At this large industrial facility in Sunset Park, it used to be enough to lease to tenants that could simply pay the rent to use the space for warehousing---but who employed only a few people. Today we are using this vital asset far more strategically, and leveraging the space for more innovative and job-intensive uses, from the production of industrial springs for customers like NASA, low-voltage electronics and power technologies, and even innovations in HIV vaccination. The bulk of new tenants are light industrial companies that create innovative products and offer workers real skill-building career pathways as well as good wages. BAT currently hosts over 100 companies that collectively employ upwards of 3,600 people in approximately 4 million square feet of affordable office and manufacturing space.

The Mayor's 2014 budget allocated \$100 million in capital upgrades to redevelop 500,000 square feet of light industrial space in BAT building A. That includes seven floors at about 70,000 square feet per floor, which will account for 1000 new jobs when the upgrades are completed in the fall of 2017. This is a ten-fold expansion in City investment at BAT in just the first year of the de Blasio administration as compared to the entire twelve years prior. In the coming years, employment at BAT businesses is expected to grow to a total of 6,000 quality jobs.

And BAT is an anchor for a broader industrial renaissance in Sunset Park. Just a few blocks north at Liberty View Industrial Plaza, for example, we partnered with *Manufacture New York* to develop the **Manufacturing Innovation Hub**, an innovative

fashion manufacturing and design space that helps to modernize New York City's heritage fashion industry through 21<sup>st</sup> century tech innovations.

The 160,000 square feet of research, design, development, and manufacturing resources for New York's emerging designers and apparel manufacturers will integrate new technologies, provide affordable space, and help traditional companies adapt to global changes in the industry. The hub will house approximately 300 jobs for 20-30 businesses. Once fully developed, Liberty View Industrial Plaza as a whole will house as many as 1,300 permanent jobs.

In the Bronx, we are similarly positioning the Hunts Point Food Distribution Terminal for a strategic upgrade that will support economic growth and high-paying jobs. The 329 acre food distribution center in the Hunts Point section of the Bronx is one of the largest of its kind in the world. Local vendors from throughout the city were moved to the Bronx to facilitate refrigeration in the 1950s. To consolidate supply chains, the Fulton Fish Market was also integrated into Hunts Point in 2005. The site supplies approximately 50% of the city's meat, fish, and produce, and is currently the most active industrial site in the Bronx, with the locational advantage of highway and rail network access.

As we strengthen supply chains from farms in upstate New York, rail freight will be the primary conduit for that exchange. To that end, we at EDC are currently upgrading the rail facilities at Hunts Point, replacing old tracks and connecting Hunts Point to the National Freight Network, developing a new rail-to-truck facility, and creating a second track for added capacity.

To fortify the wholesale markets and keep the food distribution center competitive, Mayor de Blasio recently announced an investment of \$150 million over 12 years to modernize the buildings and facilities, activate underutilized space, and provide space for dozens of small businesses to establish a presence at the distribution center. These investments will not only enhance the capacity of the Hunts Point Food Distribution Center, but also generate nearly 900 construction jobs and approximately 500 permanent jobs.

As these examples show, it is vital to maintain the physical space and support for traditional industrial activities that provide the living infrastructures that keep the City functioning.

### **Industrial Sector Programming**

But we also need to support innovative new production techniques so that New York City remains an industrial powerhouse through the 21<sup>st</sup> century. On the business support side, we have a suite of initiatives to encourage smaller scale industrial growth and transformation in the sector. Our traditional industrial businesses are adopting new technologies and practices to increase production efficiency and overall competitiveness, while the startups driving these advancements are benefiting from New York City's entrepreneurial talent pool, academic research, and access to markets.

As recently announced in the Mayor's *One NYC* report, the City will support the creation of an **Advanced Manufacturing Network**, a series of partnerships, programs, and investments in physical infrastructure to link traditional and emerging firms to resources across the ecosystem. As part of this network, the City will also invest in

state-of-the-art facilities that house high-tech equipment, affordable workspaces, business support services, and workforce training programs. The centers will help businesses reduce their upfront costs by sharing high-cost technologies needed for innovation in today's manufacturing sector, such as 3D printers and robotics equipment. Such investments will ensure that New York City's manufacturing firms and workforce remain competitive in the 21<sup>st</sup> century economy.

Another way we support the burgeoning maker community is through a program we call **New York's Next Top Makers**. Next Top Makers challenges makers, designers, and engineers from around New York City to come up with innovative new products that have real commercial potential. Six winners receive a customized 12-month Studio Incubation Program to turn their ideas into a marketable, scalable product. Last year's Top Makers went on to launch successful Kickstarter campaigns, land institutional purchase orders, receive financial support from organizations like UNICEF, and deploy products internationally in post-disaster contexts.

This year, one of our Top Makers, Holly Cohen, started as an occupational therapist that works with disabled children. One of her clients was suffering from severe muscular degeneration. He used to love playing video games, but when his condition got worse, he was not able to play anymore and felt more and more isolated from his friends and peers. In fact, 80% of physically disabled people in the United States remain unemployed even though they retain strong mental acuity, and as a result are prevented from contributing their full potential to society.

So Holly and her co-founder, John Schimmel, created **Capacita**, a game controller that allows people with physical disabilities to play video games. While the



immediate goal is to enable these individuals to return to their hobby, the applications of this technology in the fields of medicine and healthcare are limitless. A user can customize the product so that physically handicapped individuals are not left out of the digital age. Through EDC's Next Top Makers program, Capacita and the other Fellows are receiving the customized business support they need to realize their full business and manufacturing potential.

## **Conclusion**

We look forward to continuing to work with our partners in the field and here at City Council as we continue to develop new projects and initiatives to support the industrial and manufacturing sector and the economic mobility it yields to bring New Yorkers into the middle class like it did generations ago, as well as fuel a new era of innovation.



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Wednesday May 6, 2015

Committee on Land Use - Industrial Land Use and Zoning Policy - Challenges and Opportunities

Comments prepared by  
**THE POINT Community Development Corporation**

My name is Kellie Terry and this statement is on behalf of The Point Community Development Corporation. The Point CDC has dedicated many years of advocacy to assist and fight for the equitable, balanced and just development of our South Bronx community and our waterfronts as members of the New York City Environmental Justice Alliance, the Organization of Waterfront Neighborhoods, the Southern Bronx River Watershed Alliance and as a lead project partner of The South Bronx Community Resiliency Agenda, a comprehensive planning effort geared toward creating a more just South Bronx.

Hunts Point is one of the City's six Significant Maritime Industrial Areas, housing some of our heaviest and noxious uses along with our Regional Food Hub, the second largest FDC in the world. While we often come before you to testify about ways in which we need to improve our industry, we are always intentional about expressing our need to sustain and support our working waterfront and are here once again to stand in solidarity with sister organization UPROSE in calling for a just industrial policy in New York City. Hunts Point still remains within one of the poorest Congressional Districts in the nation. According to the Citizens Committee of New York, more than 59 percent of children coming of age in Hunts Point live in poverty. In the race to create affordable housing, we must not fall victim to the unintended consequences that come with sacrificing our industrial infrastructure that has historically paved the way out of systemic poverty for generations by creating and providing living wage jobs that pay nearly double that of the retail and service industry. The **average annual industrial sector wage is \$50,934**, in contrast to the average retail wage of \$25,416. NYC's industrial workforce is **over 80% people of color and over 60% foreign-born.**

**The industrial sector is growing** from 2013-2014, the city added 13,000 industrial jobs, and **manufacturing employment grew 3.8%**. By not committing to a firm and progressive industrial agenda in the face of rapid development, our City is enabling real estate speculation and displacement of the very people that they are intending to help through its equitable framework. Within areas zoned for industrial uses—even within Industrial Business Zones—many **non-compatible uses are currently allowed as-of-right**, including hotels, offices, entertainment spaces, self-storage facilities, and big box stores. These uses can support higher land prices than industrial uses, **driving land**

**prices up and driving manufacturers out of business.**

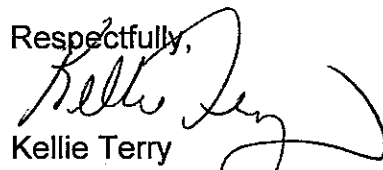
To achieve real equity and justice, we know that the strategy to create more affordable housing and livable communities must be linked to preserving and strengthening the existing industrial fabric of our city. At a time of growing inequality, the industrial sector presents an enormous opportunity for well-paid, long-term employment for many of New York City's most under-employed populations.

We are calling on the City to:

- Modernize the zoning structure to meet modern industrial businesses needs.
- Create an Industrial Opportunity District prohibiting incompatible uses and increasing allowable density.
- Support and invest in business development and expansion, and in workforce development, to encourage job growth and career opportunities.
- Prevent our remaining industrial areas from falling prey to speculation and encroachment.

Thank you for your time and careful consideration and we look forward to continuing to work with you and our colleagues to create a more just and equitable City for all.

Respectfully,



Kellie Terry  
Executive Director  
THE POINT CDC

## City Council Land Use Committee Testimony 5/6/15

F.T.R

Chairman Greenfield, my own councilmember Mr. Levin and (nod at Jumanne)

Members of the Committee, thank you for asking me to testify today.

I am a real estate broker working as the Vice President of Commercial for Apartments and Lofts.com, the biggest independent firm in Brooklyn. I will speak only about our fair borough yet I believe what I say applies to Queens and The Bronx as well.

I graduated from the Hunter College/CUNY City Planning Master's program, worked in the early 1980's on land use matters for the late Robert Dryfoos, the East Side Councilmember, and then in Brooklyn for the New York City Department of Housing Preservation and Development and BEC New Communities, creating and preserving affordable housing. I helped do 1000 units in Crown Heights, Bedford Stuyvesant and Prospect Heights.

Regarding industrial and commercial land use and zoning policy, let me share my views.

Let's begin with the current state of the market, which is not widely known. Brooklyn office and industrial space is in extreme shortage, with the lowest space availability in seven decades, since the World War Two era.

It appears that there are more tenants seeking space than there is footage available to lease. Most tenants seeking office, industrial, flex and creative work production space are frustrated. Due to this shortage, we are losing jobs to Queens, the Bronx and – **god forbid** – Manhattan.

Chairman Greenfield's own district is actually among the tightest markets in the borough.

Why is this important? We already know that small businesses create most new jobs, certainly in Brooklyn. If companies can't find space, or add to their current space, they can't add jobs. Therefore we have a job creation crisis. The same thing happened in Manhattan in 2006 when the office market there had a very low vacancy rate.

Rents in Dumbo and Downtown Brooklyn are at previously unseen heights, and nearly sold out, but for the high cost, high end office space at the two new developments in DUMBO, 55 Water and Dumbo Heights.

The downtown Brooklyn office market has lost over one million square feet of prewar office space to residential conversions. So while we are blessed to have the next President of the United States starting her journey to the White House in Brooklyn, this is but another sign that the national and international demand for our borough is at an all-time high.

With office rents heading to new highs, new construction office space, very rare in Brooklyn, is now coming. 25 Kent, said to be the first speculative (no tenants in hand) office project in decades, is going up on the North Side of Williamsburg. Other office projects are underway as well.

There is more investment money, people and companies seeking to be in Brooklyn than can fit. BKLYN is now globalized, for better and for worse.

Why does zoning matter in this case? Residential **disrupts** areas it enters, pushing out commercial uses, thereby blocking job creation.

Please signal to property owners that you will not do spot zoning. It causes hoarding of space. And hoarding is the bane of all markets.

Therefore, I urge you to keep all current commercial zoning in place, other than to up zone commercially. Do not change any to residential please, other than places such as Fourth Avenue and Empire Boulevard where it makes sense to displace existing retail for housing, both affordable and market rate.

Don't touch Sunset Park between the Gowanus Expressway and the New York Harbor, other than to create more job space through re-use of parking land and up zoning for more office, flex and production space.

We have a serious space emergency in Brooklyn. As tempting as it is to take down commercial for affordable housing, please resist! We can't all work in Manhattan, or on computers or creating art ! We need more job space now, not less.

Chris Havens

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On the ground – and at the table.

**New York City Environmental Justice Alliance testimony to the New York City Council  
Committee on Land Use: Oversight Hearing on Industrial Land Use and Zoning Policy.**

May 6<sup>th</sup>, 2015

My name is Juan Camilo Osorio and I am here to testify on behalf of the New York City Environmental Justice Alliance (NYC-EJA). Founded in 1991, NYC-EJA is a non-profit citywide membership network linking grassroots organizations from low-income neighborhoods and communities of color in their struggle for environmental justice. NYC-EJA empowers its member organizations to advocate for improved environmental conditions and against inequitable environmental burdens. Through our efforts, member organizations coalesce around specific common issues that threaten the ability of low-income and communities of color to thrive, and coordinate campaigns designed to affect City and State policies.

NYC-EJA has been a leader in advocating for innovative strategies to build climate resilient industrial waterfront neighborhoods while protecting local industrial jobs, businesses, and the communities that surround them. Research and advocacy efforts from our Waterfront Justice Project have resulted in updated NYC waterfront regulations improving the sustainability and resilience of the Significant Maritime and Industrial Areas (SMIAs) -- communities where land zoned for manufacturing and industrial activities have been historically concentrated. Throughout this process, we have consistently emphasized the need for technical and financial resources to help businesses adapt to climate change.

To that end, NYC-EJA is currently participating in two groundbreaking partnerships designed to work with local businesses to increase climate resiliency in industrial communities. NYC-EJA and our member UPROSE launched the Grassroots Research to Action in Sunset Park (GRASP) partnership with The Rand Corporation, and the LifeLine Group -- a community-based participatory research project to assess the impacts of potential toxic exposures in the neighborhood's industrial waterfront, and build community resiliency for local workers and residents. In the South Bronx, NYC-EJA is working in partnership with the NYS Department of Environmental Conservation (NYS-DEC) and the Rochester Institute of Technology (RIT) NYS Pollution Prevention Institute to help local businesses identify and implement cost-effective interventions that (for the first time) innovatively link pollution prevention, toxics reduction, and climate adaptation strategies.



Nonetheless, industrial waterfront neighborhoods in North & Southwest Brooklyn, as well as in the South Bronx, are being threatened by potential rezonings and multiple applications for zoning variances. Proposed allowances for residential or commercial uses, particularly on waterfront property, can lead to large-scale displacement of industrial jobs. Industrial re-zonings open the floodgates to real estate speculation and residential displacement in low-income communities and communities of color. North Brooklyn is a clear example of the impact of rezoning actions on working waterfront communities. According to the 2010 Census, the Latino population dropped by 20% from 2000 to 2010 in North Brooklyn Census tracts adjacent to the waterfront (with certain Census tracts losing up to 40%) -- a drop many attribute to displacement pressures triggered by the rezoning from manufacturing to residential uses.

New York City needs a diverse economy that supports working and middle class families, and protects them from displacement pressures created by gentrification. Local industrial businesses are a critical source of stable employment for working class New Yorkers who depend on living wage jobs. But in order to materialize the Mayor's commitment to addressing inequality, the City needs to articulate and implement a comprehensive citywide industrial policy, prioritizing the needs of blue-collar working communities over real estate interests.

The City must also assess the needs and capacity of local industrial businesses to achieve cleaner and safer industrial operations. Promoting and preserving industrial jobs and manufacturing zoning is the key to a resilient and thriving economy. Therefore, we are calling for innovative industrial regulations and zoning that will foster climate resilient industrial zones, and set the standard for local, career path jobs, and build community resiliency. But in order to do so, both our workforce and local industrial companies require a long-term technical and financial commitment from the City to be able to stay, keep growing and excel.

NYC-EJA supports principles for industrial development and climate resilience developed by our member organization UPROSE in the context of Sunset Park's industrial waterfront, and highly encourages the City Council to require the City of New York to:

- 1. Ensure community control over infrastructure and planning projects;**
- 2. Protect the economic needs of long-time residents, workers and businesses;**
- 3. Expand blue-collar union, career-track jobs;**
- 4. Promote the development of maritime-dependent industrial uses in our working waterfronts & the development of rail-dependent uses in inland manufacturing zones;**
- 5. Protect land zoned for manufacturing;**
- 6. Incorporate climate adaptation and resiliency building in NYC's industrial development and operations.**

NYC-EJA commends the NY City Council Committee on Land Use for holding an oversight hearing on NYC's Industrial Land Use and Zoning Policy -- and would welcome any further opportunities to discuss these recommendations in more detail.



**NYC City Council**

**Land Use Committee Hearing on Industrial Land Use and Zoning Policy - Challenges and Opportunities**

**Testimony of Brooklyn Borough President Eric L. Adams**

**Wednesday, May 6, 2015**

As the innovation economy grows globally and locally, we need to determine how to best nurture and enhance this manufacturing-based economy. To drive growth, there are five factors to consider as we look to redevelop the areas where this economy thrives: The industrial land uses.

First, we must better prepare the local workforce. To truly benefit the people of Brooklyn and New York City, it's imperative that we prepare them to participate in this new economy. This will require increasing STEAM education (science, technology, engineering, arts and math) in public schools, renewing a focus on trade schools, and working with the private sector to establish local job centers that offer training and job placement. Given that these jobs pay 30% to 50% more than their service-sector counterparts and offer greater wage mobility, this could make the difference between a maker bubble and a maker movement.

Secondly, if industry and local communities don't rise together, neither will truly rise at all. This means we need to create an environment hospitable to workers with limited retail space, as well as allocate space to academic institutions that can benefit from proximity to an innovative industrial sector, and will in turn benefit local communities. The face of manufacturing has changed radically, so there is no reason why zoning for manufacturing cannot also adapt in a manner that is safe and responsible.

Thirdly, we must recognize that for many emerging companies, the greatest barrier to economic development and job creation is reliable and affordable Web connectivity. The infrastructure is wholly inadequate or simply does not exist in many of the waterfront communities we are targeting to grow, as well as similarly primed inland neighborhoods, like Brownsville and East New York. Our city's broadband and Wi-Fi providers, both big and small, need to expedite plans to bring all of our communities up to speed.

Furthermore, the success of these communities depends on affordable and worker housing near (but not in) these industrial zones. Our communities around industrial zones have long been working-class neighborhoods. We need to grow our options for affordable and worker housing in

these areas, so current residents can stay and people moving in for jobs can find a place to live that is within budget.

Finally, more must be done to connect the workforce to these manufacturing zones. Better access to transportation—Select Bus Service, ferry service, full-build Bus Rapid Transit, as well as safer ways to bike and walk to work—is needed to ensure that workers at these new manufacturing businesses can commute affordably, safely and quickly.

Once left for dead, our industrial areas are being resuscitated by the private and public sectors. Mayor Bill de Blasio has pledged a combined \$240 million to renovate once uninhabitable parts of the city-owned Brooklyn Navy Yard and Brooklyn Army Terminal, while private developers have also begun to respond to the demands of modern-day manufacturing with \$100 million to rehabilitate the 16-building, six-million-square-foot Industry City in Sunset Park.

These communities comprise public and local interests, as well as private ones. To succeed, each has to view the other as a partner in creating opportunity and enriching the community we all share. Now more than ever, as cultural and economic forces converge, we must work together to create the best possible economic conditions for the people of Brooklyn and the city. Together, we can diversify and strengthen our economy while lifting up our working-class population to meet the demands of the new innovation economy.



## CITY COUNCIL TESTIMONY

May 6, 2015

Distinguished Council Members, my name is Andrew Kimball. For ten years, I've worked to transform long-underperforming industrial campuses on the Brooklyn waterfront, bringing back good-paying manufacturing jobs in various industries. For eight years I was CEO of the publicly-owned Brooklyn Navy Yard and now play the same role at the privately-owned Industry City in Sunset Park.

I'm optimistic about the future of industrial policy in New York City for three reasons:

- 1) Strong consensus between the Administration and City Council that we need to create good paying manufacturing and industrial jobs here to strengthen our communities and provide pathways to the middle class;
- 2) The rapid emergence of the modern manufacturing -- what is now commonly known as the Innovation Economy -- and the urgent need to support the space needs of this sector that is so critical to the City's future; and
- 3) The recognition that not one size fits all when it comes to industrial zoning and that there must be a range of zoning strategies and incentives to support this critical sector.

I particularly want to commend the City Council on the quality of their industrial zoning report.

The 1950s-era definitions of manufacturing no longer capture the making that is happening today. The Innovation Economy encompasses the broad range of businesses that make physical, digital or engineered products and encapsulates making in all of its modern-day forms. New technologies allow for products to be designed and in spaces as small as 1,000 sf for products that once required factories many times that.

Job creation in the City's Innovation Economy outpaced all other sectors from 2007 – 2013, creating opportunities for people of all ages, skillsets, and backgrounds to move up the economic ladder. Attached to my testimony is more detail.

There are two examples in New York where massive multi-story industrial campuses have been successfully converted into Innovation Economy hubs: The Brooklyn Navy Yard and the Brooklyn Army Terminal. The City of New York has strategically subsidized these publicly-owned facilities to address decades of deferred maintenance leveraging private investment and creating over 10,000 good-paying jobs. These have been wise public investments.

So why hasn't the private sector invested more in underutilized multi-story industrial buildings to create Innovation Economy jobs? The rents simply do not support the deferred maintenance investments required in these buildings and government isn't going to invest enormous sums in private facilities. As a result, from Sunset Park to Long Island City the BQE is lined with low-employment storage facilities in privately-owned multi-story industrial buildings.

At Industry City -- the largest privately-owned industrial facility in New York with 16 multi-story buildings

on 30-acres -- our vision is to buck this trend. In late 2013, a new partnership and management team came together to begin the revitalization of a site that was:

- 70% underutilized (30% vacant and 40% low-employment storage)
- suffering from \$300M of deferred maintenance, including \$50M in Storm Sandy related damage; and
- home to only 2400 jobs.

Here is what we have done over the last 20 months:

- Invested \$100M to begin the replacement of 18,000 windows (the largest window replacement project in the US), modernize 144 elevators only 70 of which work today and only 15 of which are automated, replace the entire electric distribution system, install over 50 new loading docks, and create public spaces that make Industry City a safe and appealing place to do business.
- leased over 1.2M sf of space, the majority of which has been to expand and maintain traditional manufacturing businesses like flavor designer and manufacturer Virginia Dare while adding new innovation economy companies like MakerBot the premier designer and producer of desktop 3-D printers.
- created over 1500 jobs while partnering with local employment entities including Southwest Brooklyn Industrial Development Corp, Opportunities for a Better Tomorrow, Center for Family Life, Turning Point and Mixteca to ensure jobs go to local residents. Planning is underway to create an Innovation Economy and Entrepreneurship Lab providing on-site space for our local partners and for academic partners like CUNY's City Tech who has committed to funding and running a technology training center within the Lab.



- Finally, we've engaged with the community seeking feedback and direction from local stakeholders and tenants on our long-term redevelopment vision.

Even with this successful first 20 months of the Industry City redevelopment, we have only reduced storage space and vacancy by 5%. If we keep on this trajectory it will take 30 years to get to renovate all our buildings. Therefore, on March 9<sup>th</sup>, we announced a rezoning proposal that would facilitate the conversion of Industry City's underutilized space into high-employment Innovation Economy uses. The balance of the property would blend retail, including "shop windows" for some of our manufacturing tenants, and spaces dedicated to education and training serving a range of job types and skill sets, plus other amenities like two business hotels that create an Innovation Economy ecosystem. This ecosystem will drive \$1B of private investment, cross-subsidize the deferred maintenance, and create nearly 20,000 jobs.

We have also highlighted a number of public investments in decades-long neglected public infrastructure such as decaying roads and the unsafe and unwelcoming pedestrian experience under the Gowanus Expressway as well as key transportation investments such as bike lanes and ferry service that can help drive private investment and job creation.

There is a dearth of government programs to support the industrial sector. One program, REAP, is of particular note. If this program is not renewed it will be nothing short of a disaster to the strong momentum building for manufacturing and innovation job creation in Brooklyn and other outer boroughs.

In an area that desperately needs jobs, we have a strong record of creating them. I hope we can work together to continue the remarkable renaissance underway at Industry City.



**TESTIMONY OF**  
**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION (SoBRO)**  
**Michael C. Brady, Director of Special Projects and Governmental Relations**  
**before the**  
**New York City Council Oversight Committee**  
**Industrial Land Use and Zoning Policy**

Chair Greenfield, members of the City Council thank you for the opportunity to discuss the needs of industrial and manufacturing businesses throughout New York City. The South Bronx Overall Economic Development Corporation (SoBRO) has been in existence since 1972. We were founded to protect businesses and grow communities during the great Bronx decline and have shepherded the Bronx's development ever since. Currently, SoBRO adds over \$1 billion annually to the economic vitality of the Bronx, employs over 200 individuals, and provides a holistic evidence-based model for community and economic development. SoBRO operates four distinct divisions to create and implement solutions to society's most systemic challenges. These divisions include:

**Real Estate** - currently SoBRO owns 19 buildings, manages 5 City-owned properties, and 1 public plaza. Together, our residential real estate holdings provide 1,000 units of housing in the Bronx and Manhattan. SoBRO will add over 1,000 new units of housing to our portfolio over the next four years and expand our borough reach to Brooklyn and Queens.

**Youth and Adult Education** – SoBRO administers or operates in 12 schools throughout the Bronx, has a comprehensive ESOL program serving approximately 600 newly arrived immigrants each year, teaches a robust adult basic education program to approximately 250 students each year, and operates a multi-faceted Transformation Academy, in partnership with YouthBUILD USA, for 95 disconnected and formerly incarcerated youth.

**Workforce Development** - SoBRO's nationally recognized workforce development program works closely with the U.S. and State Department of Labor and has provided over 30,000 individuals with workforce placement since its inception. This multi-varied program trains individuals in multiple industries ranging from tech to construction. Notable examples of our training program exists in the creation of Per Scholas and the United Business Cooperative.

**Community and Economic Development** - at the heart of our conversation this morning. SoBRO's community and economic development division has been nationally recognized and internationally branded as an evidence-based program which gives voice to the community, and provides an incremental approach to area development and business growth. With this model SoBRO has created hundreds of thousands of jobs, assisted in building over 10,000 businesses (large and small), provided vital entrepreneurial skill training, created the Bronx's first Minority

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*SoBRO's mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic housing, educational and career development programs for youth and adults.*

Business Development Agency, provided nearly \$1 billion in financing, and shaped the way we as a city approach land use and zoning as it pertains to industry, manufacturing, and residential populations. Of note is our extensive work along the Harlem and East Rivers where we balance residential growth and the historic industrial presence of vital manufacturers and job creators, as well as our presence in Brooklyn and Staten Island.

Together these four (4) divisions provide a viable and proven framework in empowering New Yorkers.

This morning our focus is on industrial and manufacturing businesses, but we must realize that this element cannot benefit without a broader understanding of other drivers of economic development – the aforementioned divisions.

The South Bronx Overall Economic Development Corporation (SoBRO) administers all five (5) industrial business zones in the Bronx – Port Morris, Hunt's Point, Eastchester, Zerega, and Bathgate. We are a community development corporation and represent a client portfolio of over 3,000 industrial businesses which grow the Bronx and New York City's economy by providing over 75,000 private sector jobs.

I want to be clear about the message here - industrial businesses are not just a Bronx issue - they are not just a Brooklyn issue – they are not a borough issue - they are a New York City issue.

Manufacturing and industry represents nearly 1/3 of economic development in New York City. This is risky economic development; because as of yet - New York City hasn't agreed on an industrial manufacturing policy. Due to this, we live in fear of losing over 450,000 jobs to New Jersey, Connecticut, or areas of upstate New York. Fear is something that New Yorkers should never have to deal with - We are New Yorkers; we should not live in fear of losing our workforce, of losing our industry, of losing a way of life which has shaped us since our inception.

We should, as we always do, adapt. New York City's industrial sector bolsters our local economies and provides strong stable jobs for our workforce. The manufacturing sector provides the high-quality jobs with low barriers to entry that allow families to stay and flourish in the city.

SoBRO was heartened to read and create implementation plans when the Speaker issued her report "Engines of Opportunity." This report highlights what we in economic development consider best practices. Truly mixed use development zones, where distilleries can operate next to the NY Post, where a manufacturer of U.S Military uniforms can share a 120 year-old factory with a state-of-the-art art restoration facility. This is the face of 21<sup>st</sup> century industry. We must shepherd historic industries, and prepare, recruit, and train for the industries the tomorrow.

Additionally, we are heartened by the De Blasio Administration's proposed increase and baseline in Industrial Business Zone (IBZ) funding; however, it is not enough. A policy must emerge that includes formal and appropriate dialogue among the City Council, the Mayor's Office, SBS, EDC, and the IBZ Service Providers who are on the ground everyday making sure businesses are attracted to our City, and stay in our City.

### **But what does this take?**

It takes policy direction and execution to shape a long term, sustainable approach to preserving and growing industry and manufacturing - while taking into consideration environmental issues and potential residential encroachment.

This administration must fund local development corporations, and economic development corporations which have been administering sites for decades. These groups have grass roots knowledge, trust, and a proven-track record which no survey from the EDC or SBS can quantify. These groups are also under-funded. In the past SoBRO received nearly \$300,000 annually to administer one (1) industrial business zone, now SoBRO administers five (5) IBZ's and receives \$200,000. Now, I don't know about you but if I had one child on a set income - that child would do well. Two children would be a stretch, but five children and a pay cut - doesn't work. The industrial policy is

*SoBRO's mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic housing, educational and career development programs for youth and adults.*

broken, and base lining organizations which have kept businesses in New York City and provided hundreds of thousands of quality jobs doesn't work either.

The Speaker's report is aggressive, but not enough. SoBRO recommends the following:

1) **Equitable and realistic funding for local development and economic development corporations.** New York City's commitment to initiatives is realized in the money we put behind it. SoBRO proposes a policy whereby IBZ funding is determined by IBZ square footage, and the ratio of existing industrial / manufacturing businesses to a reasonable projection of new businesses to an IBZ relative to IBZ's available real estate. Prior to this implementation, the NYC EDC must partner with Pratt-or a similar organization- and local development corporations to determine real time real estate data in every Industrial Business Zone. This data must be uploaded to a City data base and maintained by local development corporations, under their IBZ contracts and be searchable by potential industry tenants. This will provide a valuable marketing tool when championing New York City's ability to grow industry.

Additionally, the administration must continue to investigate IBIDS. However, the administration must realize that IBIDS are not the silver bullet of industrial policy. IBIDS must work in tandem with existing IBZ providers. SoBRO suggests a pilot program of five (5) IBIDS - one in each borough. This pilot is not in place of City funding for industrial business zones, but rather in addition to the aforementioned funding.

2) **Ensure proposed rezonings preserve local and commercial businesses.** Our communities do not just need more housing – we need balanced neighborhoods. Our neighborhoods must be able to meet the needs of a wide range of residents – particularly those living in public and subsidized housing, who are often ignored. Local small business are an important source of jobs as well as services that our communities need, and should be retained and strengthened. The industrial sector in particular provides good, career-oriented employment for many New Yorkers who otherwise lack access to similarly well-paid work. Many of these business are already at risk due to speculation and porous zoning. Income and housing affordability go hand in hand. We need to ensure that in the course of developing new housing, we avoid eliminating jobs – thereby creating a greater need for affordable housing.

3) **Implementation of “Engines of Opportunity”** Work with area local development corporations over the next fiscal year to create IBZ benchmark performance indicators, and develop long term plans to preserve and diversify industry. These plans must also include rigorous environmental steps to protect the long term health of employees and area residents.

4) **Create Clean Energy Corridors.** These corridors should encroach on the fringes of heavy industrial areas and provide a business environment to attract clean energy companies, and technology manufacturers with low or no negative environmental impact. These corridors become buffer zones separating heavy industry from decidedly residential areas.

5) **Create a New York City is Open for Business Policy.** Own our industrial and manufacturing roots and seek to widen our net to increase job creation and grow the idea of New York being a City of makers. New York City should not just be a city to live-in. It should be a City to create, work, and thrive in.

6) **Open a city-subsidized, rent generating, makerspace in every borough.**

7) **Provide and work with State and Federal partners in funding and implementing infrastructure repairs to Industrial Business Zones.** Our communities' long term health and safety must be prioritized, and potential rezonings should be seen as an opportunity to develop smarter. In particular there must be careful planning and where necessary mitigation of environmental and infrastructure impacts while also adhering to climate change resiliency principles.

*SoBRO's mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic housing, educational and career development programs for youth and adults.*

Protecting and promoting our industrial sector is crucial to the City's overall economic development. The sector provides over 450,000 jobs in New York City, making up nearly 15% of our city's workforce, and contributes over \$1.7 billion annually in tax revenues. This is a policy we cannot afford to screw up. We must take meaningful steps which secure the short term future, and long term growth of New York City while also protecting working families and giving individuals a chance to choose a career over the streets and build on the diverse American dream.

Thank you.

*SoBRO's mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic housing, educational and career development programs for youth and adults.*



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**TESTIMONY OF Barika Williams, BEFORE  
THE NEW YORK CITY COUNCIL COMMITTEE ON LAND USE CONCERNING  
OVERSIGHT HEARING ON INDUSTRIAL LAND USE AND ZONING POLICY,  
CHALLENGES AND OPPORTUNITIES**

May 6, 2015

Thank you to Chairman Greenfield and the members of the Committee on Land Use for the opportunity to give testimony on Industrial Land Use and Zoning Policy, Challenges and Opportunities.

My name is Barika Williams and I am the Deputy Director for the Association for Neighborhood and Housing Development (ANHD). ANHD is a more than 40 year old membership organization of over 100 NYC neighborhood-based groups throughout the five boroughs. Members include CDCs, affordable housing developers, supportive housing providers, community organizers, community advocates, and economic development service providers. Our mission is to ensure flourishing neighborhoods and decent, affordable housing for all New Yorkers.

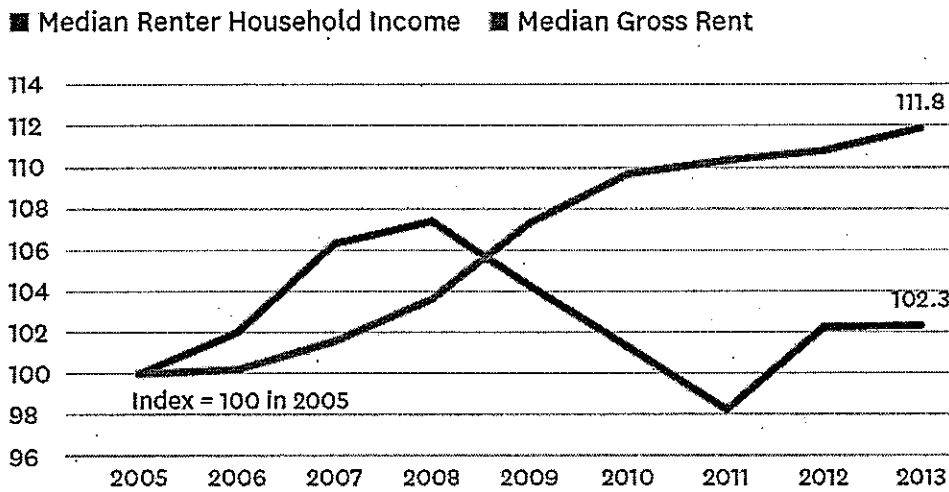
I am here to speak about the ineffectiveness of our current land-use policies to protect, support, and expand our industrial jobs and industrial businesses. First we would like to applaud Speaker Mark-Viverito and the members of City Council and the Council's Land Use staff for their leadership, support, and understanding of this issue. The Speaker's remarks in her State of the City, the Council's Engines of Opportunity report, and the numerous Councilmembers' attention illustrate the Council's commitment to address the needs of industrial workers and businesses.

While many of you may know ANHD primarily as an affordable housing organization, ANHD and our member organizations are and have always been committed to community development more broadly. ANHD's member organizations are locally-based non-profit community organizations that address the needs of their entire communities, including housing, jobs, and much more for residents, businesses, and workers.

We were and continue to be among the first to discuss the City's affordable housing crisis. However the City really has an **affordability crisis and this affordability crisis must be viewed from a broader lens that looks not only at housing prices but also the opportunities for New Yorkers to earn enough to afford to live in New York City.** The City must address both aspects of affordability. We cannot focus solely on unaffordability of housing while incomes decline, just as we could not solely address declining incomes and un/underemployment while rents and housing prices continued to soar. A figure in NYU Furman Center's 2015 State of City Report captures the gap between incomes and median rent since 2005. Rents have increased nearly 12 percent since 2005 while incomes have only increased by 2%, illustrating both how both aspects contribute to our neighborhoods' overall affordability crisis.



**Figure 4.5: Index of Median Gross Rent and Median Renter Household Income (2014\$), New York City**



Sources: American Community Survey, NYU Furman Center

ANHD and our member organizations see the Industrial sector as a key aspect to addressing the income side of affordability. This sector contributes to quality jobs for residents that provide them some financial stability and ladders to opportunity that otherwise likely would not exist.

NYC's industrial sector is largely made up of small, locally-owned businesses – more than 85% of NYC's industrial businesses employ less than 20 workers. The businesses provide jobs for many of the City's people of color, immigrant, and limited education level populations. The City's industrial workforce is over 80% people of color and over 60% foreign-born. But these industrial businesses and jobs add up and industrial jobs make up approximately 10% of the City's private sector workforce.

The industrial sector provides higher paying jobs for its workforce, especially in comparison to many of the alternative sectors for people with limited educational attainment or limited English language proficiency. The average annual industrial wage is \$50,934, in contrast to the average retail wage of \$25,416. This number is even higher when we look at average annual income in 2013 for industrial workers inside an Industrial Business Zone (IBZ) which increases to \$55,400.<sup>1</sup> The industrial sector provides quality jobs which add far more wealth to the City and their community and more stability for families than the average retail job.

However these industrial jobs are being threatened by the City's outdated land use policies. City land use policy has shortsightedly encouraged high-end housing development at the expense of land zoned for industrial and manufacturing uses --and the good-paying jobs they create. This flawed economic development strategy is stripping the City of good-paying jobs and leaving working-class New Yorkers to increasingly rely on low-wage service-sector jobs.

<sup>1</sup> This number includes Construction jobs. Without Construction jobs the average annual wage was \$51,384.  
 Source: QCEW 2013, NYC Council Land Use.



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**No housing is affordable without a job.** Neighborhoods should not be forced to choose between housing and the industrial businesses that provide quality jobs for residents and enable families to afford their rent. ANHD has been working with neighborhood groups and coalitions in areas slated for rezoning across the City, including in **East New York, Jerome Avenue, Sunset Park, Flushing and Crown Heights**, who want to ensure that active vibrant industrial areas continue to be a part of their neighborhoods' future. .

**ANHD, the Pratt Center for Community Development, The Industrial Business Service Providers, local Community organizations, members of the NYC Environmental Justice Alliance, and labor groups** have come together to support industrial jobs and businesses and call for new industrial land-use tools that meet the needs of a "New Industrial NYC."

The first step must be to protect our existing active industrial areas by putting in place **Industrial Opportunity Districts**. These districts 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 City must begin by recognizing that the real estate market rewards residential development over industrial. And 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. Without a clear and consistent policy from the City that explicitly guarantees that industrial land, businesses and jobs have a permanent place to stay in our City, we will continue to see industrial businesses close or relocate, taking with them quality jobs for New Yorkers.

The City's current zoning framework encourages encroachment on the limited space available for quality industrial jobs. But just as we make space for housing we must ensure there is adequate space for quality jobs. Our commitment to industrial jobs, and industrial businesses must start with strong land-use policies that clearly demonstrates that New York City values the industrial sector and that the industrial jobs and businesses will have a space to invest and grow over the coming decades. At a time of growing inequality, the industrial sector presents an enormous opportunity for well-paid, long-term employment for many of New York's most under-employed populations. **Zoning for quality industrial jobs should be a priority for the City** and we urge the City council to ensure that the industrial sector maintains a priority for the sake of our City's future.

**Southwest Brooklyn Industrial Development Corporation**



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**Testimony of Southwest Brooklyn Industrial Development Corporation  
NYC Council Land Use Committee  
Oversight - Industrial Land Use and Zoning Policy - Challenges  
and Opportunities. (T2015-2809)  
May 5, 2015**

My name is Andrea Devening and I am the Director of Economic Development at the Southwest Brooklyn Industrial Development Corporation (SBIDC). As an economic development organization serving the neighborhoods of Red Hook, Gowanus, and Sunset Park, SBIDC believes that strengthening New York City's base of industrial and manufacturing businesses is absolutely crucial to the goals of creating good jobs, developing career pathways, and a healthy economy overall. Today, I am urging support for efforts to strengthen the Industrial Business Zones and create a stronger and viable citywide land use mechanism that puts a stop to the instability in the City's industrial sector driven by real estate speculation.

In Southwest Brooklyn, we have one of the largest industrial business zones with close to 2,000 businesses that we serve including businesses that specialize in food production, technology and design, recycling, machining, wholesale, transportation, and maritime uses. We help businesses on two levels. The way in which business owners and their employees—your constituents—notice it most is in the technical assistance workshops, the one on one assistance with assembling loan packages and City incentive programs that help businesses stay competitive in New York City, coordinating with city agencies to resolve issues, helping them deal with ticketing and insurance problems and finding temporary and permanent space. In 2014 SBIDC provided over 400 unique business services for local employers. We also help businesses find and retain employees with our workforce development program.

Over the past few years SBIDC has placed over 300 local residents in jobs with local businesses. Local employment opportunities, particularly those in the industrial/manufacturing sectors, are extremely important for the economic and social health of the waterfront-working class neighborhoods of Southwest Brooklyn. Poverty in these communities is already high, and, without a thriving business corridor, many of the community's residents would have little opportunity to enter the workforce at all.

Of these services, the assistance finding industrial space that is both affordable and suitable for a new or expanding business' needs is the most common and most challenging. I'd like to share an example of a business we work with that typifies the struggles of a Southwest Brooklyn industrial business. This business is a mechanical contractor that has been in full operation in Gowanus for forty years. The business has over 80 employees working to make the things that New Yorkers need to build new and renovate existing buildings and aging infrastructure. Due to real estate speculation in the Gowanus, this business owner is feeling pressure to leave the neighborhood. He is struggling to find affordable space for his growing business in Southwest

## Southwest Brooklyn Industrial Development Corporation



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Brooklyn and does not want to give up on his employees nor the myriad of Brooklyn-based clients by being forced to move outside of the state.

Due to the real estate speculation driven by encroaching non-compatible uses such as hotels and self-storage facilities, we hear from businesses almost daily about real estate, either businesses that are being pushed out of other manufacturing zones or businesses already in Southwest Brooklyn expressing fears of being pushed out due to rising rents. SBIDC echoes this concern and emphasizes that along with these businesses, jobs- well-paying jobs will be lost as well.

In closing, while today even when there is noticeable public and private investment in the industrial sector in Sunset Park, there remains a significant and rampant real estate speculation that threatens to displace some of Brooklyn's best employers throughout Southwest Brooklyn. SBIDC values Southwest Brooklyn's continued identity as a working waterfront and we believe that strengthened and stable IBZs would elevate and support that vision along with the many diverse needs of the industrial and manufacturing sector city-wide.

Thank you for allowing me to provide comments today.

Andrea Devening  
Director of Economic Development  
Southwest Brooklyn Industrial Development Corporation

# Quality in NYC Be Solved?

Where there's a will...  
Some suggestions for  
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JANUARY 6-13, 2014

And a Few  
Modest  
Proposals  
↓

No. 1



## Don't be scared of taxes. They won't drive the wealthy away.

"HE WANTS TO DRIVE EVERYBODY OUT of the city," Michael Bloomberg said on the day Bill de Blasio unveiled his proposed "millionaires' tax" to pay for city-funded pre-K and after-school programs. De Blasio has proposed raising the tax on income over \$500,000 from 3.86 percent to 4.41 percent, increasing the tax bills of those making \$1 million to \$5 million by an average of \$7,793 and generating an estimated \$530 million per year in new city revenue. Will that extra pinch cause a mass exodus of millionaires?

The research is pretty clear on this question: not a chance. A study of New Jersey's 2004 millionaires' tax, a comparatively massive hike from 6.37 percent to 8.97 percent on income over \$500,000, provoked almost no migration by the wealthy. "We've always said that New Jersey is a very strong test case, because it's the largest millionaires' tax increase in the last ten years or so by a pretty significant margin, and it's easy to move around the tri-state area," said Stanford sociologist Charles Varner, who co-authored the study.

And New York might be even more resistant to flight than Jersey. "New York has a lot of unique qualities. For many people living there, there aren't a lot of very good substitutes," said Joel Slemrod, a University of Michigan economist. "There are agglomeration economies for your profession—being around other people in the same business—but there's also the opera, Central Park."

But even if the wealthy stayed, would they stop working as much, lowering the tax base? "There's just not a lot of evidence that labor supply is that sensitive to the rate," Slemrod added, especially for an increase like De Blasio is proposing. So what about even steeper hikes? In 2003, Bloomberg responded to a budget deficit with a three-year income-tax surcharge that upped the top rate to 4.45 percent, and Donald Trump and David Koch stuck around and kept working. How high would the millionaires' tax have to go before New York's wealthy stampeded to Tampa? "I don't think there's a tipping point that research has identified," Slemrod said, but there's likely room to go above the proposed combined federal, state, and city top rate of 51.8 percent (he cautions that doing so is as much a value judgment as an economic calculus). "Until we're getting to 60 or above," Slemrod says, "I'm happy to see a trade-off that makes very-high-income people a little bit worse off." Which means, according to that calculus, the new middle-class mayor probably isn't close to bringing us over the edge.



### Build vertical factories.

Large-scale industry was once at New York's core, and architecture critic Nina Rappaport advocates dense mixed-use areas, each generating possibly thousands of jobs for the middle class. "You can't just have high-end tech jobs and apartments," she says, citing as models the Pfizer building in Williamsburg and Long Island City's Standard Motor Products building, which has 1,200 workers from 40 firms on seven floors from metalworkers to Jim Henson Muppet-makers.



### Grant Airbnb amnesty.

Legalization would give millions of New Yorkers a way to earn a little extra cash—or not so little, given that even modest apartments can earn more than \$100 each night their owners are out of town.

**Nina Rappaport | Vertical Urban Factory**  
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Testimony to City Council Committee on Land Use  
Industrial Land Use and Zoning Policy  
May 6, 2015

Council Members and Land Use Committee members, my name is Nina Rappaport, I am an architectural critic, curator, educator and Director of Publications at Yale School of Architecture. My project and think tank, *Vertical Urban Factory* was initiated in 2006 with an architectural studio of the same name at Parsons School of Design where students designed multi-storied factories in three sites in the city. From there I conducted research, author articles, and curated an exhibition that was first displayed at the Skyscraper Museum (where I gave a tour to city planning), and it then traveled to Detroit, Toronto, London, and is now in Lausanne, Switzerland. I also participated in shows at the Noguchi Museum and as part of No Longer Empty. *Vertical Urban Factory* was reviewed in *The New York Times*, and local papers and web sites at each venue. Smaller versions will be in Brooklyn and Long Island City this summer. The research is all being folded into a 480-page illustrated book, which will be released in July by Actar Press with numerous examples of factories throughout history in their urban context.

My research emphasizes the innovative design of the modernist factory and contemporary factories in cities and provokes the ideas of urban manufacturing as a significant contribution to urban vitality, which won't exist unless we allow space for making things. My research asks — with a new flexible and “flat” economy of the global factory — how can a new urban manufacturing, point the *way to new models for living and working in self-sufficient diverse and just ecological and economic urban systems and a return to local places of production?*



New York:

In relationship to New York City, and the importance of maintaining industry and industrial zones, one must also recognize the change in the definition of industry — which is now cleaner, greener, and smaller in scale — so that it can now be ubiquitous. But how can we encourage urban manufacturing to take root in our city and thrive?

Historically, factories were integrated into the life of the city—providing stable jobs and building the urban economy. But manufacturing has been pushed out of the city not only because of globalization and cheaper wages elsewhere but because our city has shrunk its industrial zones and eliminated places to build factories because high-end residential, and commercial has become more profitable. The space available for manufacturing needs to be reconsidered and change.

We know that the economy plays a major role, and is the most significant aspect of any industrial development, but space plays an important part as well. The network of close-knit manufacturers shows how they support each other and make the economy grow in an urban network that is also sustainable. Industrial land is a land use that still retains a long-term value in the city and working creates pride amongst its residents.

Zoning changes can't react fast enough to economic change and needs to be flexible, to allow for manufacturing and light industrial uses in more places in the city, and be part of the urban density and its mix. If this could occur we could both retain jobs so that when factories do return and there is increased re-shoring, we still have skilled workers and the space in which to do the work! We have now zoned manufacturing away.

### **Proposals**

Among many ideas to maintain manufacturing and spaces for industry in NYC, I am highlighting a few here that relate to the physical aspects of “vertical urban factories.” These are: Flexible factories, increase in industrial building height, incentives for building industrial buildings, mixed-use buildings and neighborhoods.

**Flexible and Neo-Cottage**

We must acknowledge that there is a shift in scale in manufacturing from large to small, from massive items to smaller parts, using new technologies robotics and even fabrication in a box. So that the spaces that once were large-scale multistory factory buildings can be revitalized with flexible smaller scale companies as neo-cottage industries.

We are seeing the success of city-owned or public-private projects such as the Greenpoint Manufacturing Centers' new projects, BAT, BNY, and private developments such as Industry City, Pfizer, Falchi, and Standard Motor -- all which are Vertical Urban Factories. This consolidation of industries into flexible spaces, maintains jobs and could be repeated more frequently and in numerous and innovative buildings in form and function. The city could further support incubator factory spaces in these larger buildings for smaller industries and small batch production. This could increase innovative companies and just-in-time production, which is also sustainable.

**Height and Zoning increases**

I also strongly believe that factories can be taller. I would propose height increases in manufacturing M1-1 and M1-4 zones so that they can be multi-storied. In many industrial areas such as Long Island City, Bushwick and Greenpoint, the FAR could be increased in order to increase the value of the manufacturing site and encourage taller manufacturing buildings. Bonuses for height could encourage manufacturing retention whereby additional floors could be added to existing buildings as many of these were over built to begin with, or new buildings could be built for industrial use. These new factories could then be built to include truck bays and internal delivery areas (to move truck deliveries off the street) as well as elevators that hold trucks, as in the Starrett-Lehigh building.

**Incentives**

Incentives could be made for building owners to maintain industry and build taller factories. There could be similar incentives as with landmarks districts in terms of air rights transfers from industrial buildings to residential buildings off-site but nearby.

Rather than make high-rise residential buildings in manufacturing districts, manufacturing buildings should be able to also increase their height for development potentials so that building owners are not penalized for owning an industrial site that garners lower rent since manufacturers can't afford it. As we know residential wins out in development and in places such as LIC and Williamsburg developers and building owners hold out until the zoning changes so they can build residential. Residential should not be allowed as-of-right in any industrial zone without an industrial use provided as well.

## **Mixed Use**

### **Cities**

Factories can also be dispersed in the entire city, without exclusive industrial zones except for those processes that are highly polluting. With clean and green manufacturing it is possible to live side-by-side spaces for making. Factories can desegregate and re-integrate into residential neighborhoods to house a mix of uses in a hybrid environment. This would involve a deeper analysis of performance zoning and methods to inspect a company to make sure they don't pollute. When a company is not one that pollutes, which are numerous today, small factories can be integrated in the neighborhood. This exists informally today in some spaces but it could also be encouraged as a way to provide work spaces close to homes. Industry needs to be protected, but as a use, not only as land use.

### **Individual buildings**

Individual buildings could be mixed-use with industrial on the ground floor, perhaps with their own retail space, commercial in the middle and residential above. The mixing of uses is seen in areas such as SoHo when it was undergoing gentrification and some factories still existed while the transition was occurring. It was not unpleasant but inspired creativity. In addition companies could even build housing within their buildings providing spaces for workers to live. This mix of housing and industrial use could then also address housing shortage problems as well.

### **No Hotels**

I would propose that hotel use not be allowed in industrial zones. This use is commercial and not industrial. Hotels do not make things in these spaces. They do not build communities but are transient spaces and mostly frequented by those from out of town. One concept that I am proposing in my book is that of a hotel with a factory that would both increase awareness of manufacturing and allow for mixed use.

The factory, once inspiring in its architectural innovation, needs to be reconsidered as significant today in cities with new materials and new technologies.

Reinventing the urban factory has the potential to engage the cycles of making, consuming, and recycling, giving the worker a significance supporting various economies of scale in a closed loop system that is integrated with the city.

By allowing taller factories, mixed in the city, a new density and potential for new jobs and diversity can occur. This would return the hybrid of making and living to the city.

Thank you for your attention.

**Oversight – Industrial Land Use and Zoning Policy – Challenges and Opportunities**  
**May 6, 2015**  
**Testimony by David Beltre, President, Eco Communications**

Good afternoon, Chairman Greenfield and members of the committee. My name is David Beltre and I am president of Eco Communications. We are a small business on the Sunset Park industrial waterfront. I have lived in Sunset Park since 1988 and have worked there for almost as long. I speak to you today as part of a larger coalition, Protect our Working Waterfront Alliance, which UPROSE has helped organize. The situation that we find ourselves in today is very serious. I am afraid that our industrial area is in danger of being lost. The industrial waterfront in Sunset Park is extremely important to my family, my co-workers, and the entire local community. I am very grateful to have the opportunity to comment on this important issue.

Businesses like mine are the economic backbone of Sunset Park. We live, work, and shop in the neighborhood. However, recently it has become much harder for us to envision a viable future for us in Sunset Park. There are more and more stories about properties around my business being sold, and the costs of operating my business are increasing. Even when I look for new locations to move my business, every day there is less space available. I am worried that the types of changes happening on the Sunset Park waterfront will cause blue-collar businesses like mine to disappear. This would be devastating for families like mine throughout the neighborhood that are sustained by these small companies. For this reason, it is very important that industrial land is preserved, so that families, businesses, and communities like mine can thrive.

In addition to the economic changes that I see happening around me, the changing climate also threatens our community in Sunset Park. Following Superstorm Sandy and the gas shortages that occurred, fewer customers were able to visit my business and we experienced a sharp decrease in sales. For this reason, as a waterfront business we are in a precarious situation both economically and environmentally. It is important that blue-collar businesses such as mine are given the resources needed to adapt to the changing climate remain in operation. Moreover, companies like Eco Communications can actually serve the climate needs of the community by

helping develop systems of communication in the event of power loss. The city should make sure that its vision of the Sunset Park waterfront considers these important factors and promotes resilient industry.

In conclusion, I speak to you today as one of many small industrial business owners on the Sunset Park waterfront. This community depends on these jobs, and my business depends on this community. It is my hope that the city does everything it can to make sure that these blue-collar jobs survive and expand and are ready to face a twenty-first century climate. Thank you very much for the chance to comment.



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May 6, 2015

NYC City Council Land Use Committee

**Re: Hearing on Industrial Land Use & Zoning Policy  
Challenges and Opportunities. (T2015-2809)**

Good Afternoon Chairman Greenfield & Members of the City Council:

Thank you for the opportunity to testify today about the importance of maintaining viable industrial zones within New York City. My name is Amy Uong and I am the Project Manager for Sims Municipal Recycling.

Sims Municipal Recycling manages 100% of the recycled metal, glass and plastic, and a large portion of the recycled paper generated by NYC residents and collected by the Department of Sanitation. Sims Metal Management, which is the scrap metal side of our company, handles more than half a million tons per year of privately recycled metal coming out of NYC. We perform these activities at our facilities located in industrial areas of Hunts Point in the Bronx, on Newtown Creek in Queens, and in Sunset Park, Brooklyn.

Recycling operations are not optional services. The city requires them in order to function properly. In fact, enacting the ambitious waste management and recycling goals set forth in the new OneNYC Plan will require more not less industrial-scale processing infrastructure.

In addition to providing essential services, industrial businesses can bring good paying, sustainable blue collar jobs. We employ more than 120 people at our NYC facilities. Positions range from unskilled laborers to crane operators, welders, and mechanics. We pay a decent living wage with full benefits for all our employees, and we are proud of the fact that many of our employees are with us for many years, and work their way up through positions of increasing responsibility.

At Sims we have set out to be the world's safest and most responsible recycling company. We go to great lengths to minimize impacts on our neighbors and the environment. Whether that be in the management of stormwater, maximizing barge movement of material, or collaboration with local community organizations. At our Brooklyn facility, we have installed a 500kW solar array and the first large scale wind turbine in NYC. Nevertheless there is no getting around the fact that ours is a heavy industry, moving large volumes of bulk materials with large machinery.

We encourage the City to protect what remains of its industrial areas, to minimize the potential for conflicts with other incompatible land uses. It is important for maintaining a diverse and resilient economy, and it is critical to keeping vital industries within the city and retaining some degree of City control over its essential infrastructure.

Thank you again for the opportunity to testify and for your attention to this issue.





Testimony of  
Elizabeth Lusskin, President, Long Island City Partnership  
Before the  
The New York City Council Committee on Land Use  
Oversight: Industrial Land Use and Zoning Policy - Challenges and Opportunities

May 6, 2015

Good morning Chairman Greenfield and Council Members of the Committee on Land Use. I am Elizabeth Lusskin, President of the Long Island City Partnership, and I am here to express the importance and timeliness of developing new land use and economic development policies to maintain a balanced mix of uses in our city, and in my own very special neighborhood of Long Island City. This includes recognizing that one size does not fit all, and that we can achieve the dual goals of growing our industrial base and our housing base, if we are careful to target our policies to allow for multiple types of areas, and recognize that we need all types of uses within the five boroughs to have a healthy and functioning city.

LIC is experiencing continued strength and record growth in all of our sectors – residential, of course, but also industrial, manufacturing, hotel, tech, and cultural uses as well. We maintain real estate statistics on our website and we see not only incredible growth across all uses, but also extremely limited vacancy. This is occurring within a roughly 5.5 square mile area, comprised of many subdistricts with distinct characteristics and mix of uses, presenting distinct opportunities and serving multiple roles.

On the residential side, this means the large scale development of both market rate and affordable housing. These new residents, when added to the existing population, increasingly require enhanced public services and retail, such as a mixed-use district can best supply. On the commercial/industrial side, within our 6300+ companies providing 93,000 jobs, we see a mix that includes many that are both directly compatible in a mixed-use subarea – such as our many tech and design firms – and also those that today enjoy, and in the future will still require, a separate environment – such as our heavier manufacturing and industrial uses, including concrete and custom metal fabrication. Fostering the expansion of all of these uses for a healthy LIC and a strong NYC is the essential challenge that will determine whether we become the model city of the next century, or the missed opportunity of this one.

Current zoning needs to be reviewed and updated to reflect the realities of our new urban landscape, and to foster the city that we all need to have in the future. At the same time, zoning alone is not enough, and both existing and future tax and economic incentives are necessary. In LIC, we are initiating a process to take a closer look, with city agencies and government officials, at how these issues play out in our large and varied landscape, and to create a feasible plan that both reflects priorities and is workable in a dynamic market.

We are grateful that the City Council is taking the initiative to study these issues, and we look forward to working with you to develop solutions that take into account the very different landscapes presented not only across the city, but even across LIC.

Thank you for this opportunity to address your committee today.

**JOINT COUNCIL No. 16**  
INTERNATIONAL BROTHERHOOD OF TEAMSTERS



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**Committee on Land Use: Industrial Land Use and Zoning Policy - Challenges and Opportunities**

Wednesday, May 6, 2015

Hello, my name is Angel Martinez, I am a business agent and member of Teamsters Local 812. I am here today on behalf of the Teamsters Joint Council 16, which represents thousands of members working in the numerous industrial zones throughout New York City.

I want to start by thanking Land Use Committee Chair David Greenfield and the City Council for examining this important issue.

New York's industrial business zones are home to hundreds of employers creating and building the City's blue collar middle class jobs. For the Teamsters alone there are thousands of jobs throughout New York City that are located in industrial neighborhoods and rely on areas like these to survive. Teamster manufacturing employers include companies that are private sanitation yards, concrete facilities, heating oil companies, wholesale food, beverage and liquor companies, pharmaceutical warehousing and air freight trucking depots. These are just a sample of the industries that Teamsters Joint Council 16 represents in the industrial sector.

The Teamsters appreciates Mayor de Blasio's recent policy developments that recognizes environmental sustainability means also protecting local, industrial infrastructure.

Hunts Point Market, for example, was highlighted in the Mayor's OneNYC report as being one of the largest food-distribution centers in the world. In OneNYC, the Mayor recognized the importance of modernizing and upgrading Hunts Point to create space for food retailers and wholesalers serving the city while employing thousands of Teamster members. Investment in modernizing and improving Hunts Point Market would result in the entire industrial zone, and surrounding area, being better prepared for power outages, coastal flooding, and other disruptions to the citywide food distribution system.

The City Council's November 2014 report on Industrial Land Use and Zoning Policy proposed the creation of Industrial Employment Districts to further strengthen industrial zones. The creation of a special Industrial Employment District would protect these workers and ensure their employers are protected as well from being pushed out or forced to relocate as the city continues to grow and change. Additionally, it would add a Special Permit requirement for the incompatible commercial and community facility uses such as large retail, large offices that are unaffiliated with industrial use, hotels, bars, entertainment/athletic venues, and self-storage facilities.

We need to strongly protect manufacturing districts and the Teamsters welcome new ideas and opportunities to do so. Industrial zones are critically important to New York City not only for the products they provide but also the jobs they create. We look forward to working with the administration and the New York City Council to further protect industrial zones and the companies and workers that rely on them. Thank you for your consideration.

**Bridging the Gap–  
Bringing Economic Growth back to Brooklyn One Company at a Time**

*By: Toby Moskovits*

Mr. Chairman, members of the committee.

Good afternoon. I am Toby Moskovits, CEO of Heritage Equity Partners.

- 1) As a Brooklyn girl, Brooklyn is in my blood – My grandfather, Sam Schwarzman, a Polish-Jewish immigrant could never have imagined that his Brooklyn would one day be leading the city, the region, and the nation in so many ways. Pop culture. Fashion. Food. And most importantly for this conversation, the resurgence of Making in America.

My grandfather's life was the classic immigrant success story, and he bootstrapped his way from sorting fabric remnants in the 50's and 60's to a successful army-navy surplus business in Williamsburg in the 80's. The company is still operational and the legacy of hard work and entrepreneurship is continuing under the leadership of my brother at another old factory building a few miles away in Sunset Park. And I am continuing on the family's entrepreneurial spirit with the development of a hotel and office building, both within a block of my childhood haunts and the birth place of entrepreneurship for my family.

- 2) For close to 100 years Brooklyn was at the heart of the industrial revolution and commerce in America. In 1961 Williamsburg had 93,000 manufacturing jobs. But the decline in manufacturing affected Brooklyn heavily. By the 1990s that number had fallen to less than 12,000, and manufacturing per se has continued to decline – until now.

The revival of entrepreneurship in Brooklyn driven by the technology, creative and maker industries is reinvigorating manufacturing. No different than the entrepreneurship of the 19th century which made Brooklyn the center of manufacturing, we are now the center of making.

Technological innovation and the surging entrepreneurial spirit are bringing making back!

- 3) This hearing, and so many conversations that are taking place in government offices, and on factory floors, are happening because there is growing recognition that while this resurgence offers great opportunity, it also has enormous challenges.

- Factories needed to support heavy, toxic manufacturing of a generations ago are no longer needed. But there is a tremendous need for new, modern facilities to support today's makers.
- Further challenging for policy makers is that the economic reality tends to encourage a focus on larger tenants and more established companies - making the office & maker supply crunch particularly challenging for small companies and entrepreneurs just starting up their businesses in Brooklyn.
- While shared work spaces have started to proliferate, we need a systematic solution to create affordable, practical maker space tailored to young growing companies.
- Figuring out a way to provide flexible maker space to young companies, while encouraging entrepreneurs and their staff to effectively engage with the local communities in which they establish themselves, is critical to long term economic growth in the borough and the city overall.
- The difference between old and new economy jobs, white and blue color, education vs skills continues to shift and by bringing entrepreneurship deep into our communities we will encourage economic mobility and skills training in a way that we have not experienced since the days of the Industrial Revolution.

So what is the solution?

In Brooklyn today there are six Industrial Business Zones and 15 others in the rest of the City. The permitted density in the majority of these areas is quite low, making redevelopment for today's tech and creative economy uses almost nonexistent other than in existing warehouse buildings.

The M1-2 zoning districts allow for development of up to 2 times the lot area of the property. The M zone also allows certain limited medical uses, classified as community facility uses, up to 4.8 time the lot area.

Neither the low density for commercial/manufacturing use nor the higher density for community facility use have seen much new ground up development. Allowing the existing density of 4.8 to provide space for the expanding industries of today – tech, creative, maker and artisanal enterprises – will remove the shackles of outdated use restrictions in the M zones that have buildings sitting empty even as home-grown companies are in need of space.

A percentage of the space, maybe 10-15%, should be set aside for start-ups and apprenticeship programs and/or maker space to provide critically needed space for local entrepreneurs - encouraging both entrepreneurship and job creation.

These zoning benefits can also be tied to programs that foster job creation, and can be tied to the creation of mentoring and apprenticeship programs with local residents, whereby the purpose of the bonus space will clearly achieve its intended goals. This will work to create a realistic program to encourage new development of office, creative and manufacturing space while providing a critical resource to both local entrepreneurs and job seekers – building ecosystems for job growth and training in the new economies that are being fostered in the borough of Brooklyn.

Let's work together to sustain the innovation and production economy, job training and apprenticeship – all of which have a long history in the borough of Brooklyn.

Economic growth is once again creating a diverse and vibrant economy in our borough. And economic activity is no longer about finance or management or even just traditional manufacturing – it is about making things, whether it is technology, or whether it is in the so called "makers" economy of artisanal products. We are once again a borough of makers, artisans and creators. Let's make this a tale of one city with one future – building businesses, communities and success, one neighborhood at a time.



## **Brooklyn Chamber of Commerce**

**May 6, 2015**

**Written testimony respectfully submitted to NYC Council Committee on Land Use  
by Adriana Scotti, Director of Industrial Policy & Development at the Brooklyn  
Chamber of Commerce.**

***Hon. David G. Greenfield, Chair***

Good Afternoon Chair Greenfield, members of the NYC Council Committee on Land Use, and guests.

I'm Adriana Scotti, Director of Industrial Policy & Development at the Brooklyn Chamber of Commerce. We're a membership-based business assistance organization representing the interests of over 2,100 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 works to address the needs of businesses through direct business assistance programs.

We applaud the NYC Council Committee on Land Use for convening this oversight hearing that seeks to discuss the challenges and opportunities surrounding industrial land use.

The question as to why we need to preserve and protect our industrial areas has become increasingly clearer in recent years, especially in the context of jobs and opportunity for advancement this sector offers. The creation of high quality, good paying private sector jobs in New York City is going to depend on the growth of our "innovation economy," which now has come to encompass the new age of manufacturing in Brooklyn. A rapidly growing number of companies and entrepreneurs are interested in making things here in New York and they need space to grow and thrive.

Zoning regulations often undermine manufacturing businesses, and prevent the growth of such businesses, leading to the underutilization and/or warehousing of property for a promise of a more profitable, future investment.

Many of the neighborhoods throughout the five boroughs that house the city's manufacturing hubs are being considered for rezoning, so it is particularly timely to continue the conversation on innovative land use and zoning tools to better support our manufacturing sector.

In order to preserve industrial and manufacturing zones there are a number of strategies that can be implemented. Innovative zoning and land use modifications that



protect the sector, while keeping up with the demands of today's real estate market will further serve to preserve manufacturing areas of the city.

The recent report published by the NYC Council on industrial land use and zoning proposes some of the unique strategies needed. The addition of a creative economy district would be particularly effective in Brooklyn, as our economic growth as of late can be largely attributed to an influx of new and creative firms in the technology, media, and design sectors (all of which often support some level of traditional or advanced manufacturing). These "mixed-use" areas could be particularly effective in places where retail and academic uses could support the growth of the innovation economy in large multi-story buildings that have been vacant or currently house storage with few jobs.

The designation of industrial employment districts to already existing manufacturing hubs would be tremendously beneficial to existing manufacturing hubs in Brooklyn, including Industry City, the Navy Yard, Liberty View Industrial Plaza, and the former Pfizer factory. Similar strategies have already been successfully implemented in other major cities such as San Francisco, Atlanta, Chicago, and even Minneapolis. Other cities have implemented density bonuses and deed or lease restrictions to enhance the employment district and encourage the preservation of jobs – creating an additional level of regulatory enforcement as well as an attractive environment for investment.

We would even argue that some iteration of these solutions are already organically occurring in NYC. Industry City is a good example, where a mix of traditional manufacturing with more technology-forward firms coexist. The designations proposed would solidify further investment in these innovation hubs.

However, based on ongoing discussions and feedback with stakeholders across the manufacturing sector, it is clear that in order to preserve and protect existing manufacturing firms, and continue to attract a new wave of creative businesses to NYC, we need to enhance and fortify the ecosystem that supports manufacturing firms. This includes support for industrial providers, the protection of incentive programs to offset the high cost of operating a manufacturing business in NYC, and the continuous improvement of infrastructure and amenities in manufacturing areas. Renewal of REAP, the Relocation and Employment Assistance Program, is especially important in this regard.

In conclusion, the Council's report is a good starting point for a conversation on how the city's zoning and land use tools could better support and capitalize on the city's industrial and manufacturing job sector. It is crucial that we continue this conversation while engaging stakeholders at all levels, so that the most appropriate regulatory changes are swiftly implemented. Thank you again to the NYC Council Committee on Land Use for facilitating today's hearing. We commend the Council on its forward-thinking approach to this critical issue.

**Written Testimony**  
**NYC Council Hearing**  
**Industrial Land Use and Zoning Policy**  
**May 5, 2015**

Presented by:  
Jean Tanler – Director of Industrial Business Development, Business Outreach Center Network

My name is Jean Tanler and I am the Director of Industrial Business Development at the Business Outreach Center. I am here today to discuss the need to modernize our land use policies and zoning to meet the needs of New York City's industrial businesses.

### **Threat of Competing As-of-Right Uses**

Just as housing needs a physical location, jobs need a suitable space. The industrial sector in New York City is expanding, and demand for space is increasing. The City's current zoning framework encourages encroachment on the limited space/property available to accommodate quality manufacturing and industrial jobs. In areas zoned for manufacturing and industrial uses, many non-compatible uses 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 industrial firms out of business.

**Speculation drives instability, and instability discourages long-term investment in businesses and in the city's workforce.**

### **Threat of Rezoning Manufacturing Land**

Industrial areas such as parts of East New York are threatened by proposals to rezone them. Intending to meet affordable housing goals, the NYC Department of City Planning has proposed rezoning manufacturing and industrial land in East New York to a Mixed-Use or MX District. Because the real estate market rewards residential and commercial development over industrial, a MX District will lead to the large scale loss of industrial property and jobs in East New York. Based on the City's proposed zoning changes, approximately 35 manufacturing businesses and a significant number of other industrial users would be threatened or displaced including long time businesses such as Mrs. Maxwells Bakery (est. 1928) and National Metal Enclosures (est. 1940).

We have witnessed industrial and manufacturing businesses that have been displaced or can't find space:

In Manhattan's Garment District, a full-service clothing manufacturer received a NYCEDC's grant to purchase state-of-the-art machinery for fusing and cutting. However, their lease will be up within a couple of years and they are at risk of an unmanageable rent increase. Their landlord currently receives approximately \$41/SF from commercial tenants in the building and their rent is \$24/SF. Having a location in the Garment District with easy access to their client base is vital to their survival. They can not afford a significant increase in their rent and affordable space within the Garment District is scarce. This may drive them out of business.

A furniture manufacturer and architectural woodmaker in East New York has been in operation since 1986. They started their business in Williamsburg but moved to East New York in 2013 when their landlord asked the existing tenants to leave the building so he could build built a hotel. They shared a mixed-use building in Williamsburg with office tenants who frequently complained about the noise they

made. This conflict between their business operations and typical office uses demonstrates a need for dedicated industrial property.

A growing food manufacturing businesses in Maspeth can't expand because they can't find an available facility. When they last placed an offer on a building, they were out-bid by another business that was able to pay several million dollars in cash. Another business dealing with the same issue, a pastry manufacturer and wholesaler, is considering adding a second floor to his building since he can't afford to purchase another building in today's market.

Junior's Cheesecake, which has leased a baking facility in the Maspeth IBZ for the past 15 years, will be moving to New Jersey since they were unable to find the space they needed to expand their mail-order business. Alan Rosen, Junior's owner, was recently quoted as saying, "We can't afford the real estate around here. New York is very interested in residential development, but commercial is tough, and it doesn't make sense for a bakery to acquire that real estate." The move will affect the jobs of as many as 75 employees.

These realities require land use reform and protection. To foster a vibrant industrial base, we recommend that the City reinforce and strengthen its commitment to the industrial sector by:

- Creating an **Industrial Employment District** prohibiting incompatible uses (i.e. hotels, entertainment spaces, self-storage facilities, and big box stores) and requiring a special permit for some (i.e. school buildings, homeless shelters)
- Stopping the rezoning of industrial land for residential and other uses. There should be no net loss of industrial land.
- Increasing allowable density in industrial areas
- Beginning the ULURP process to update the City's zoning and protect industrial land use and jobs

Before further rezoning, we ask that the City take the time to understand the impact changes to its zoning and land use policies would have on industrial land and jobs.

The Business Outreach Center (BOC) Network is a microenterprise and small business development organization with an affiliate CDFI loan fund with over 17 years' experience providing hands-on and bilingual small business technical assistance, customized small business training and access to capital in immigrant and minority communities throughout New York City. BOC Network is well known for its service model, 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.

BOC Network is the NYC Business Solutions **Industrial Provider** for Brooklyn East, Queens West, and Manhattan. We promote the development and retention of industrial and manufacturing businesses and the good-paying jobs they provide by connecting them with resources and opportunities to achieve their goals for expansion, relocation, workforce development, energy cost savings and more.

The industrial sector includes a wide range of activities such as manufacturing, warehousing, wholesale trade, and transportation and provides over 660,000 jobs in New York City. Industrial businesses are at the heart of the middle-class, providing good jobs and economic activity that keeps New York's economy strong. The average manufacturing job pays \$50,934 per year, in contrast to the average retail wage of \$25,416, and is more likely to be unionized and provide benefits. New York City's industrial workforce is over 80% people of color and over 60% foreign-born. At a time of growing inequality, the manufacturing and industrial sector presents an enormous opportunity for well-paid, long-term employment for many of New York's most under-employed populations.

**Oversight – Industrial Land Use and Zoning Policy – Challenges and Opportunities  
May 6, 2015**

**Testimony by Reverend Sam Cruz, Senior Pastor, Trinity Lutheran Church, Sunset Park**

Good afternoon, Chairman Greenfield and members of the committee. My name is Dr. Samuel Cruz and I serve as Senior Pastor at Trinity Lutheran Church in Sunset Park and am Professor of Church and Society at Union Theological Seminary in Manhattan. I come before you this afternoon as a member of Protect our Working Waterfront Alliance, a coalition assembled by UPROSE to defend the Sunset Park waterfront.

Sunset Park, where I serve as pastor, is home to a large working-class community of color. This community is facing more and more economic challenges. Costs of living are increasing and decent-paying job opportunities are declining. The Sunset Park community grew out of the working waterfront, which sustained generations of families with blue-collar jobs. These jobs provided job security, benefits, and career advancement, all without the need for higher education.

Today, the Sunset Park waterfront is under attack. It is under attack by a well-financed campaign to convert this industrial land into another Chelsea Market. In turn, the Sunset Park community itself is under attack. The plans proposed for our waterfront threaten to displace the working class and replace them with the so-called “creative class.” The plans proposed for our waterfront threaten to displace blue-collar jobs opportunities and replace them with trendy firms and boutique retail. These plans may appeal to many in our city, but they do not serve the community that I serve.

As a pastor at Trinity Lutheran Church, I promote a vision of social and economic justice for the Sunset Park community. This vision demands that we look out first for the least among us. The proposals for our industrial waterfront to not support this vision, but rather sacrifice local community interests for top-down real estate interests.

As a spiritual leader in Sunset Park, I also understand that the need to address climate change is a moral obligation. Our community, our city, and our region all have an urgent need for climate adaptation. Industrial land provides the space to produce these goods and materials locally. We must take advantage of the opportunity to contribute to a just and sustainable future, one that provides dignity for workers and respect for our environment.

I urge this committee to protect our industrial waterfront. It is a matter of social, economic, and environmental justice. I thank you very much for the opportunity to comment.

Reverend Sam Cruz  
Trinity Lutheran Church





## Oversight – Industrial Land Use and Zoning Policy – Challenges and Opportunities

May 6, 2015

Testimony by Elizabeth Yeampierre, Executive Director, UPROSE

Good afternoon, Chairman Greenfield and members of the committee. My name is Elizabeth Yeampierre and I am Executive Director of UPROSE. We are an environmental and social justice organization based in Sunset Park, Brooklyn, and for decades have mobilized the Sunset Park community on issues of sustainable and just development, participatory planning practices, and governmental accountability. We have long advocated for development in our community that reflects local needs, including transportation, open space, economic development, and public health. Industrial land use and zoning policy is central to the work that we do and I thank you for the opportunity to discuss.

Sunset Park is home to one of New York City's last remaining industrial waterfronts and is home to a diverse working-class community. Manufacturing offers employment prospects to local workers at all skill and education levels, and is a particularly important provider of well-paying jobs for those without a college degree. The preservation and expansion of a blue-collar manufacturing base is crucial to the economic viability of the Sunset Park community. In much of New York City, industrial and manufacturing sector jobs pay roughly twice the annual salary of service sector jobs.

However, the loss of blue-collar jobs and the displacement of working class residents is a stark and growing threat in Sunset Park. Our industrial waterfront is currently under assault by proposed rezonings, land speculation, and high-end commercialization inconsistent with blue-collar manufacturing. The community has already begun to feel the effects of displacement, including rising costs of living for economically depressed families and the establishment of boutique businesses and high-end retail in place of blue-collar manufacturing industries. In response to these developments, UPROSE assembled Protect our Working Waterfront Alliance, or POWWA, a coalition comprised of local residents, industrial businesses, labor, housing advocates, and civic leaders.

The loss of blue-collar jobs and the displacement of working class businesses and residents is a devastating narrative that has unfolded in other neighborhoods – it must not be allowed to occur in Sunset Park. Once gone, these blue-collar jobs will never return. In the last year alone, major news outlets like the New York Times and the Wall Street Journal have called Sunset Park the city's next SoHo, Dumbo, and Chelsea, touting it as a host for the "creative economy." Such economic development focuses on the growth of trendy startups, fashionable design firms, and gourmet food production. What this model does not emphasize is a commitment to retaining and expanding traditional blue-collar, union jobs, on which communities like Sunset Park have long depended.

In addition, it is important to note that the city's six Significant Maritime Industrial Areas (SMIAs), which cluster the heaviest industrial uses, are all located in storm surge zones and environmental



justice communities, including Sunset Park. To this effect, climate change poses a dramatic threat to our industrial zones and adjacent residential communities. That said, given the climate adaptation needs of the city and the region, these zones offer a tremendous opportunity to generate and produce these climate solutions locally.

To protect the residents, workers and businesses of Sunset Park, this community requires clear and bold commitment from this committee, the Council, and the City to industrial-zoned land and reinvestment in blue-collar industry. I urge this committee to consider the following principles, which should be central to any viable industrial policy:

1. Protect the economic needs of long-time residents, workers and businesses, who increasingly face flat wages, heavy rent burdens, and the threat of displacement
2. Expand blue-collar union jobs that ensure career opportunities at all skill levels, career advancement, and income mobility
3. Restrict any rezonings or zoning variance applications that reduce land zoned for manufacturing to accommodate commercial or residential uses – and prioritize small industrial and maritime firms that require proximity to the working waterfront
4. Protect the health and safety of workers and residents by providing technical and financial resources for climate adaptation, energy efficiency, and pollution prevention
5. Respond to the local and regional need for climate adaptation, energy efficiency, and pollution prevention by helping local businesses and workforce develop the capacity to provide these goods and services

These priorities have been well established in our community for some time. The Sunset Park 197-A plan distinctly promotes industrial redevelopment, the retention of existing industrial jobs, and the mitigation of environmental burdens on adjacent residential communities. In the aftermath of Superstorm Sandy, climate adaptation and resilience have likewise come to the forefront. For this reason, Sunset Park presents a tremendous opportunity for local economic development that preserves the community's current character, accounts for the changing climate, and contributes to a just and sustainable economy.

I thank the committee for taking up this crucial matter and am grateful for the opportunity to comment.

Elizabeth Yeampierre  
Executive Director



# **Building Equity: New Land Use Tools for Housing and Jobs**

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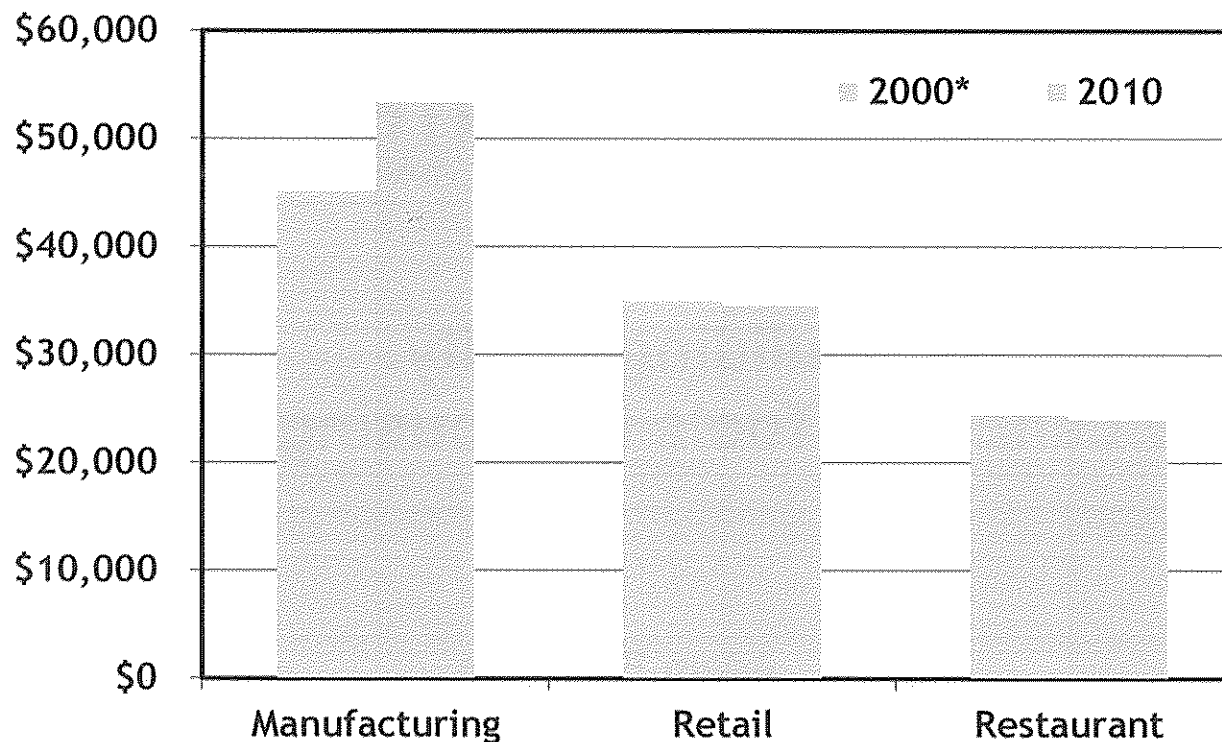
**Adam Friedman**

Executive Director, Pratt Center For Community Development

May 6<sup>th</sup>, 2015

*(Based on Making Room for Housing And Jobs, a report by the Pratt Center published May 2015)*

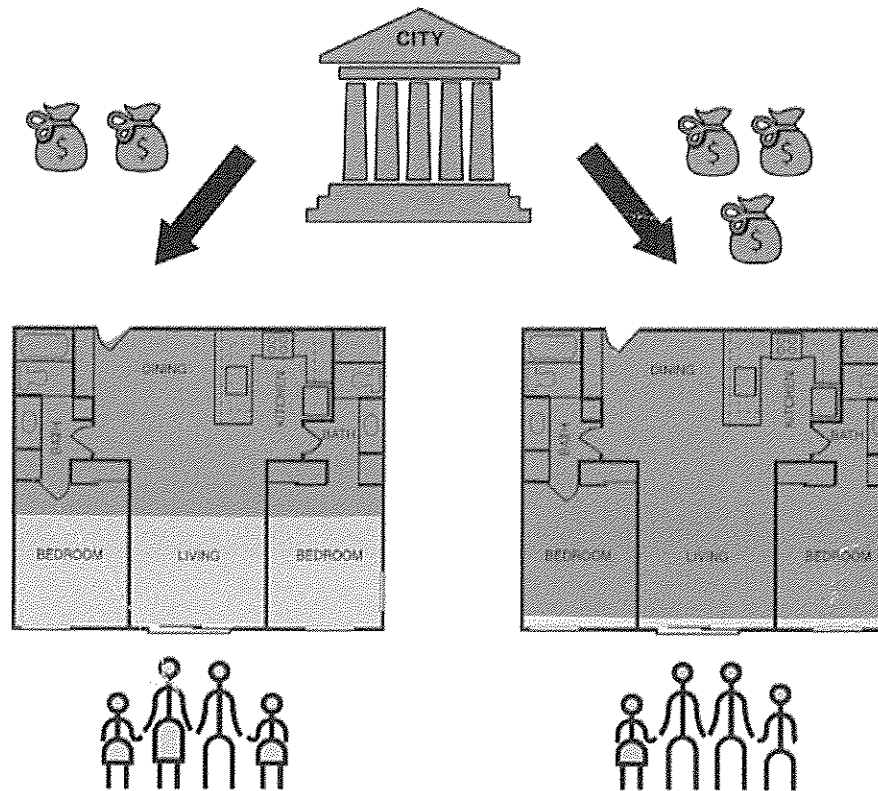
# Manufacturing Provides Good Jobs



**Growing recognition of the need to align housing and economic development strategies to preserve space for jobs and build resiliency**

- ANHD
- Uprose
- St. Nick's Alliance
- Cypress Hills
- Evergreen
- South Brooklyn
- South Bronx
- AAFE

# Affordable housing depends on creating living-wage jobs



**Industrial income household**

The average household income for a family of four is **\$50,934.**

The maximum monthly rent this family can afford is **\$1,231.35**

**Retail and other neighborhood services income household**

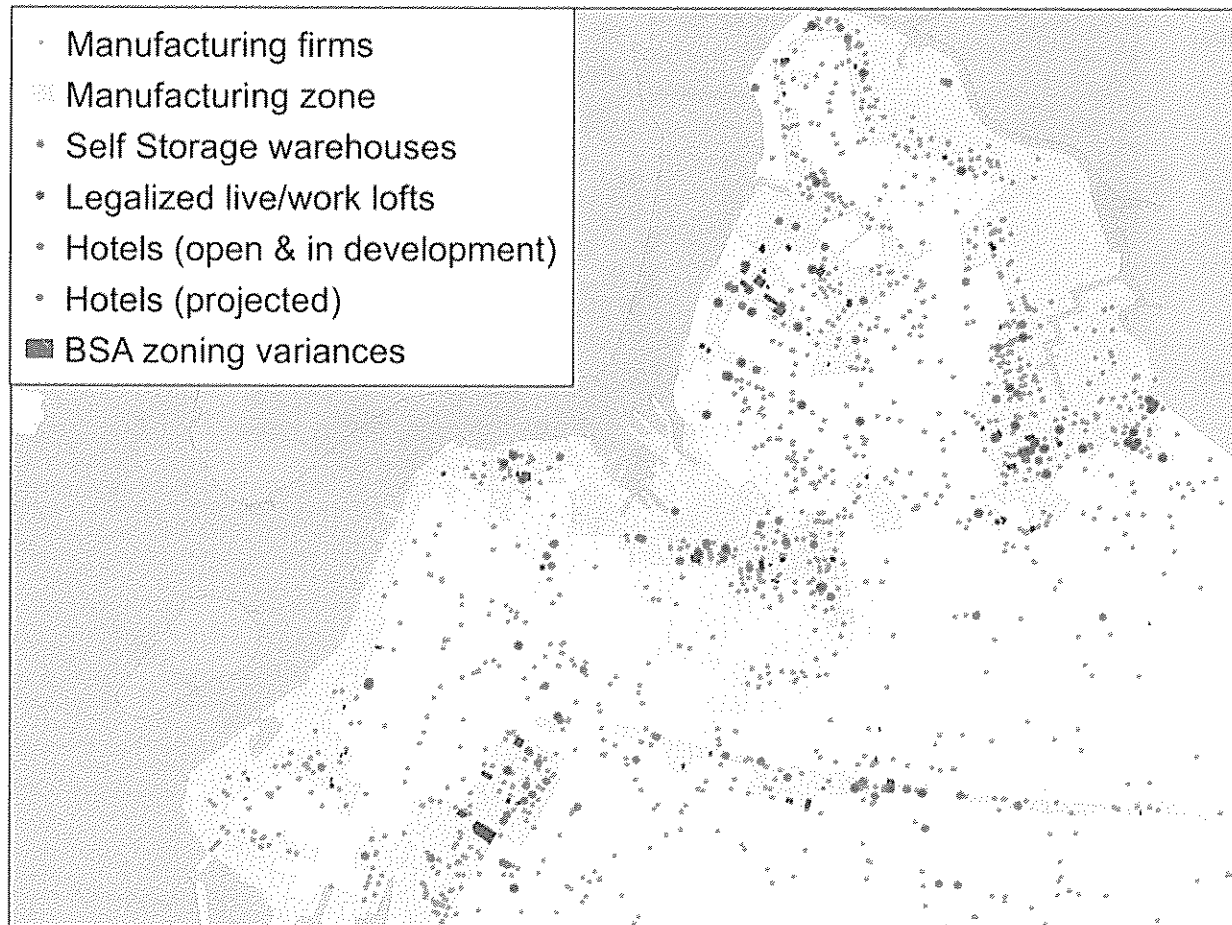
The average household income for a family of four is **\$25,416.**

The maximum monthly rent this family can afford is **\$593.40**

		<b>Manufacturing</b>	<b>Retail</b>	<b>Difference</b>
Annual wages		\$50,934.00	\$25,416.00	\$25,518.00
Household affordable rent (per month)		\$1,248.93	\$593.40	\$351.33
Annual rent Household can afford		\$14,987.10	\$7,120.80	\$4,215.90
Expenses (per unit)		\$6,500.00	\$6,500.00	
<b>Net Operating Income (NOI) (per unit)</b>		<b>\$8,276.00</b>	<b>\$621.00</b>	<b>\$7,655.40</b>
Debt service coverage (ration of cash to debt service)	1.15			
Cash available for debt (per unit)		\$7,196.70	\$539.83	\$6,656.87
Loan size can service (per unit)		\$105,004.98	\$7,876.45	\$97,128.53
Interest rate	6%			
Years	30			

## Current M Zoning Is Outdated

- Self-storage, hotels, Loft Law, and BSA variances undermine zoning
- Industrial and manufacturing space decreased 23% between 2003-2013 - NYU Furman Center





# Current Industrial Zoning Fosters Real Estate Speculation – Triggering A Downward Spiral

## Hotel

- 5 Unnamed (under construction)
- 13 Wythe Hotel
- 17 Level Hotel (under construction)

## Office

- 2 Fast Ashleys Studios
- 8 Vice Media
- 16 Amazon Photo Studio
- 18 Unnamed (under construction)
- 27 The Yard

## Miscellaneous

- 1 Paws and Claws Veterinary Hospital
- 6 Unnamed (under construction)
- 11 Eva's Play Pups
- 21 The Boiler
- 23 Williamsburg Wellness Center

## Retail

- 4 Kinfolk Store
- 7 Jungle Design
- 26 The Tasting Room

## Bar/Restaurant/Cafe

- 3 MatchaBar
- 9 Kinfolk Cafe/bar
- 19 Berry Park
- 24 Dirck the Norseman
- 25 Northern Territory
- 12 Kent Ale House

## Entertainment

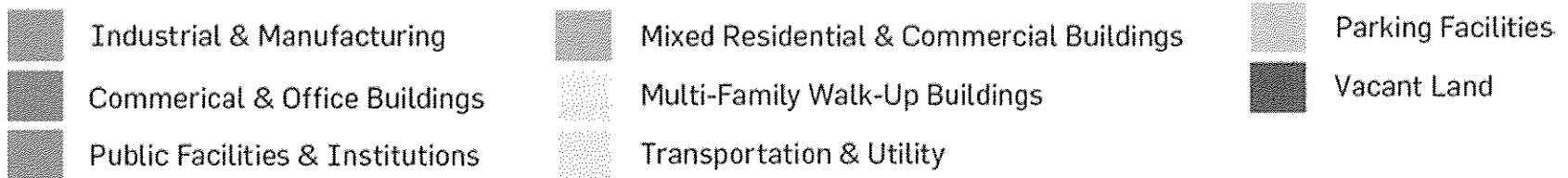
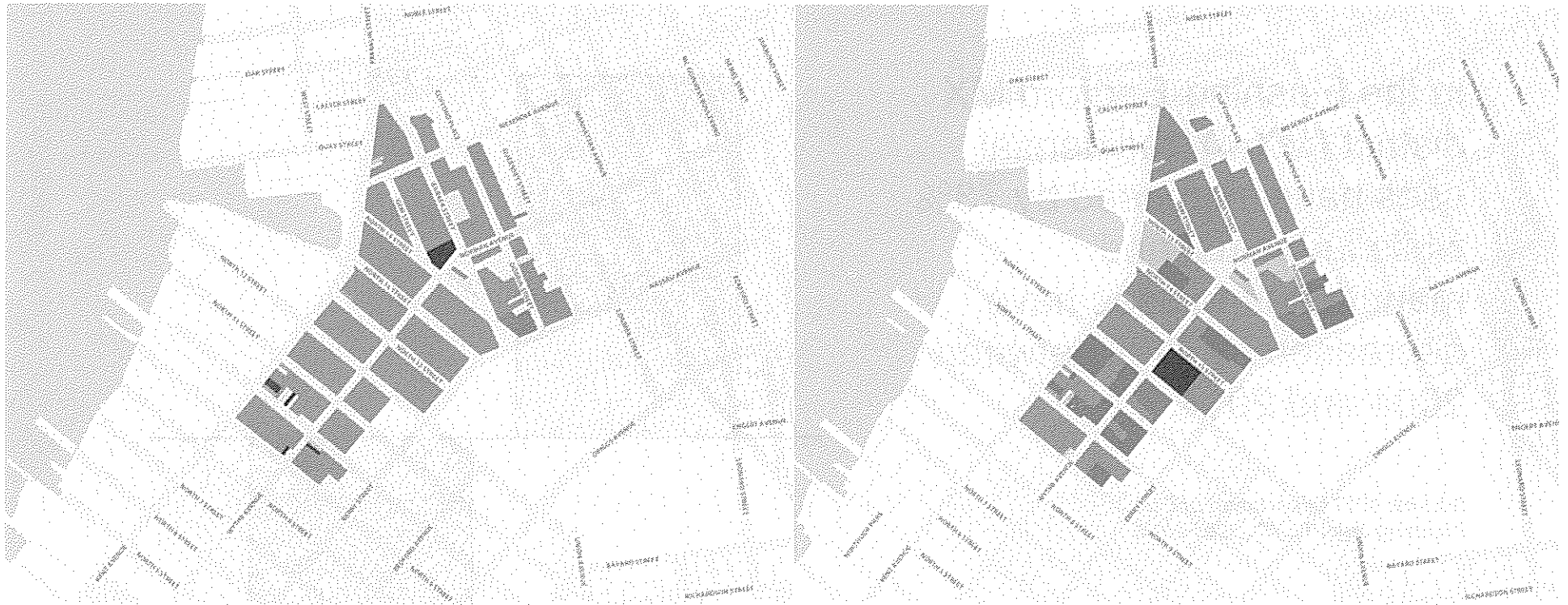
- 14 Brooklyn Bowl
- 10 Verboten
- 15 Output
- 20 The Gutter
- 28 Brooklyn Night Bazaar



Non-industrial uses in the Greenpoint-Williamsburg IBZ, 2015

## 2004 Greenpoint-Williamsburg IBZ Land Use

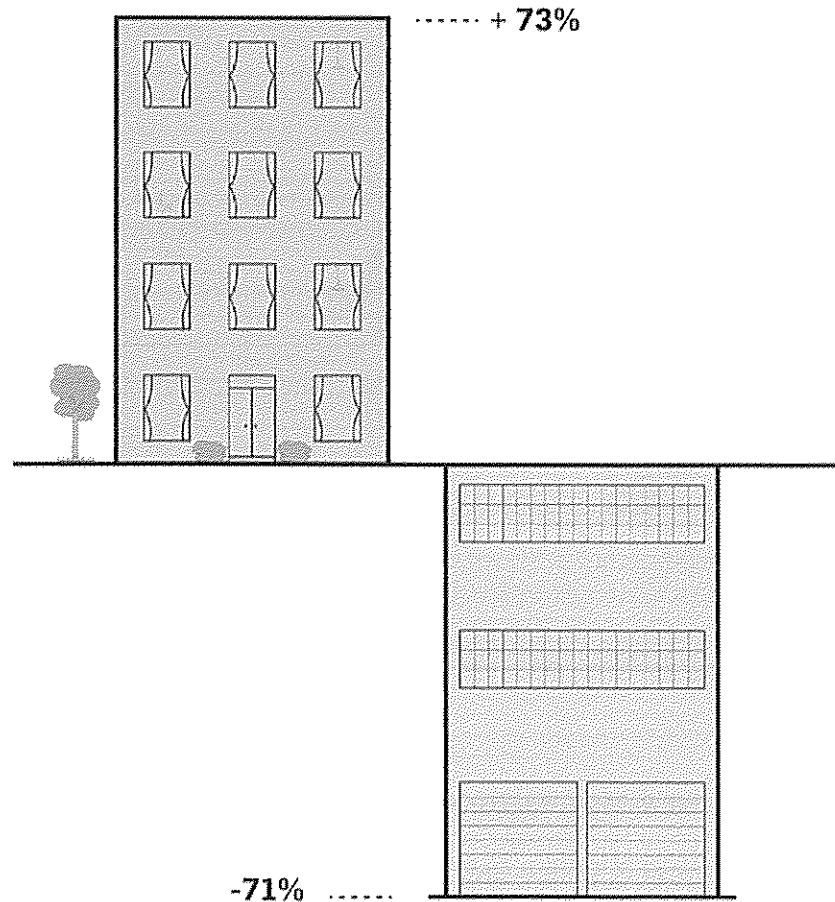
## 2014 Greenpoint-Williamsburg IBZ Land Use



# Current MX Zoning Transitions To Residential

In the Flushing-Bedford MX district (MX 4), residential uses have increased by 73% while industrial and manufacturing uses have decreased by 71% between 2004 and 2014.

*Source: NYC Department of City Planning MapPLUTO, 2004-2014*



# Conclusions

## Create Industrial Employment Districts

- A new type of zoning that limits non-industrial uses including hotels, self-storage, non-ancillary offices uses, large entertainment and big box retail uses
- Map IEDs over existing Industrial Business Zones
- Increase FAR and provide financial incentives to increase density

## Be cautious in creation of mixed use areas

- Focus on preserving existing MX zones
- Moratorium on new MX zones
- Create Balanced Mixed Use zones for specific communities

# Making Room for Housing and Jobs

Land use policies to stabilize the city's core industrial areas in order to promote development of both affordable residential and industrial uses citywide

**May 2015**

## Acknowledgements

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All photos © Pratt Center for Community Development.

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## About

The Pratt Center for Community Development has worked for the past fifty years for a more just, equitable, and sustainable city for all New Yorkers by empowering communities to plan for and realize their futures. As part of Pratt Institute, we leverage professional skills - especially planning, policy analysis, and advocacy - to support community-based organizations in their efforts to improve neighborhood quality of life, attack the causes of poverty and inequality, and advance sustainable development.



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# I. Executive Summary

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The de Blasio Administration is moving forward with an ambitious plan to address the city's affordable housing crisis. The heart of the plan involves zoning changes that would allow new residential uses and increased density in neighborhoods throughout the city. Many of the areas being considered for rezoning are now occupied by industrial uses that provide well-paying jobs that offer ladders out of poverty for workers and their families – the same New Yorkers that *Housing New York*, the Mayor's housing plan, is meant to benefit.

Affordability is a matter of both housing costs and people's incomes. Placing well-paying jobs at risk undermines the Mayor's own objectives to build more housing, lessen the growth in income disparity, and advance a more equitable city. Replacing manufacturing jobs, which pay an average of \$51,637, with jobs in retail and neighborhood services, which pay an average of \$37,584, is a strategy for downward mobility and makes affordable housing that much less affordable.<sup>3</sup>

The City's current land use toolkit provides limited options for protecting industrial jobs while encouraging housing development. If we are to avoid pitting jobs against housing, we would need new approaches that would enable housing development without displacing or undermining the city's industrial job base. While a dynamic manufacturing sector also needs targeted economic development services, training and workforce development, and a 21st century system of environmentally sustainable distribution and production, without space, these economic development services would be far less impactful. Most importantly, without space, jobs will be lost.<sup>2</sup>

Recognition of the need to better integrate land use strategies with the city's overall economic development policy is growing. In November 2014, the New York City Council released *Engines of Opportunity* which detailed the evolution of the city's industrial land use strategies and the emerging gaps in those policies, and laid out a series of new land use tools designed to strengthen the industrial sector, foster innovation and encourage reinvestment and job creation.<sup>3</sup>

This study by Pratt Center builds on the Council's work to also explore the relationship between industrial land use strategies and housing development. To date, the general perception has been that rezoning industrial areas for housing would almost inevitably help advance affordable housing goals. However, the loss of well-paying industrial jobs might actually undermine the affordability of housing unless steps are taken to minimize displacement.

## The Need for New Zoning Tools

Space for manufacturing is under intense pressure due to rising demand from manufacturing uses and encroaching non-industrial uses, coupled with diminishing supply. The Bloomberg Administration's aggressive program of rezoning manufacturing areas for market-rate housing resulted in a significant loss of industrial land across the city. The light industrial zoning districts that remain are highly vulnerable due to permissive use regulations, which allow many non-industrial uses as-of-right; these non-industrial uses consistently outbid manufacturing uses in the procurement of space. These weaknesses combined with the de Blasio Administration's disproportionate messaging about the need to increase housing development has resulted in the speculative acquisition of industrial sites throughout the city in anticipation of potential rezonings for residential development. Creating real estate stability is essential for businesses to make the ongoing reinvestment that is needed to create jobs, remediate the legacy of environmental contamination that threatens both workers and residents of the surrounding

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<sup>1</sup> New York State Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2013

<sup>2</sup> For more information on Pratt Center's proposals for a comprehensive approach to industrial development, see: [http://prattcenter.net/sites/default/files/industrial-policy\\_issue-brief\\_final.pdf](http://prattcenter.net/sites/default/files/industrial-policy_issue-brief_final.pdf)

<sup>3</sup> There is significant alignment between the Council's and Pratt's work, particularly in the analysis of the flaws in the existing Manufacturing and MX zoning, and in the call for Industrial Employment Districts, a new type of manufacturing zoning.

communities and build a vibrant manufacturing sector that provides well-paying jobs in a healthy environment. The encroachment of non-industrial uses occurs even in the city's 21 Industrial Business Zones (IBZ), which were originally intended to be "safe havens" for manufacturing. Though the word "zone" appears in the designation, IBZs do not reflect zoning provisions, are legally no different from other light manufacturing districts throughout the city, and suffer from the same gaps in protection. The effectiveness of IBZs rested on the perception that they would remain industrial. Since IBZs are not codified in zoning, and funding for the organizations that provide services to industrial businesses has been eliminated in the most recent budget, increased expectations that IBZs will be eliminated further undermine their effectiveness.

The City's approach to mixed-use zoning has also eroded inventory of manufacturing space. MX districts,<sup>4</sup> created to allow a mix of residential and industrial uses in specific areas, in reality have encouraged rapid and substantial displacement of manufacturing space by residential and commercial uses: Over 4.2 million square feet of industrial space has been lost as a result of MX zoning since 1997.<sup>5</sup> The MX approach rests more on inertia or the expectation that property owners would not pursue the highest profit from the residential conversion of their space, rather than on incentives or controls to guide the market. This laissez-faire strategy has not yielded the desired balanced mix of uses.

Achieving a sustainable balance of uses in a particular district is not an easy endeavor. As this paper explores, adopting a more prescriptive approach to the creation of a mixed-use district may achieve a more balanced mix of uses over a longer term but would come at a significant cost: considerable density and the need for public subsidy and administrative oversight. Nor is this approach a simple solution that can be applied broadly to resolve the difficult challenges facing many neighborhoods. As the de Blasio Administration seeks to create additional mixed-use zones to allow the production of new affordable and market-rate housing, new zoning and financing models will be essential to ensure that housing and manufacturing can sustainably coexist, but this outcome will be difficult to accomplish.

## Conclusion

The City's industrial sector is an essential component of its overall economic health, and the future of this sector is reliant on the availability of affordable, stable real estate. At a time when public discourse is dominated by the identification of areas for affordable housing, the need to stave off rapid real estate speculation in the city's remaining industrial areas has grown critically important. To foster a vibrant industrial base, the City should reinforce and strengthen its commitment to the industrial sector by:

- 1. Strengthening IBZs by creating Industrial Employment Districts which restrict non-industrial uses, prohibit development of big-box retail and self-storage in IBZs, and allow non-accessory offices, hotels, schools, and social service space only by special permit;**
- 2. Codifying the IBZ designation in zoning for all of the areas in which they are currently mapped.**

Only after the City's IBZs have been fortified should it consider a new approach to mixed-use zoning, and only then for select and specific areas. If the City truly intends to create mixed-used districts, it should cease to propose new MX districts. Instead, it should develop a new zoning tool that directly shapes development in a particular district to achieve a balanced mix of residential, commercial, and industrial uses. However, there are a number of challenges inherent in creating a truly mixed-use neighborhood that must first be addressed before the City proceeds further in proposing new mixed-use districts.

<sup>4</sup> MX is the abbreviation for the City's most-often-used zoning district, which pairs a light manufacturing district with a residential district. The first MX district was mapped in The Bronx in 1997.

<sup>5</sup> NYC Department of City Planning MapPLUTO, 2004-2014



## II. The need to preserve existing manufacturing space and enable development of new industrial space

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The shortage of stable and affordable industrial space severely constrains the retention and expansion of established manufacturing firms in New York City and inhibits the emergence of innovative firms and sectors existing at the nexus of technology, design, and production. These types of firms need affordable, suitable, and well-located space. Their growth is hobbled by its scarcity.

The perception that there is an abundance of vacant industrial space is inaccurate. While it is true that the long-term contraction of the manufacturing sector resulted in decreased demand for industrial space, the vast "surplus" of industrial land that the Bloomberg Administration identified to frame its rezoning policy greatly overstated the case by including large areas of M-zoned land permanently occupied by utilities, transportation facilities such as airports, and other types of infrastructure. While Bloomberg's City Planning department claimed only a small percentage of industrial land was being rezoned, the amount of M-zoned land actually available for private-sector industrial use decreased by almost 2,000 acres between 2002 and 2009.<sup>6</sup> This loss of industrial space yielded a direct loss of industrial businesses and jobs. For example, a sampling of 32 manufacturing businesses that were located within a Manufacturing District that was rezoned to MX in Greenpoint-Williamsburg in 2005 found that only 8 remain there today.<sup>7</sup> In addition, many of the areas that were rezoned were fairly high density, such as the Garment Center in Midtown Manhattan and the Printing District in Hudson Square. Companies and jobs were packed tightly in these areas and, when forced to relocate to lower density areas, the concentration of companies and jobs was punctured and spread across the city. These two flaws in City Planning's analysis continue to distort an understanding of the issue.

The land that remains is increasingly less affordable for manufacturing businesses. Sale prices and rents for industrial property are driven by the "highest and best" uses that are allowed under the zoning. "Highest and best" is a real estate term of art that factors out consideration of uses which may generate the most jobs or taxes or serve a community need in favor of those uses that can pay the most for space. Light industrial zoning (M-1) allows many uses whose returns enable companies eligible for the designation to outbid manufacturers for space. For example, Pratt Center identified 86 self-storage facilities located in manufacturing zones, 52% of which are located in an IBZ. Self-storage facilities consume lots of space and create very few jobs but are very profitable in New York and often outbid more job-intensive uses like manufacturing.<sup>8</sup> Because most New York City manufacturers rent rather than own their space, they are highly vulnerable to displacement triggered both by actual neighborhood change and the perception that change may soon occur. That perception has been fueled by the relative ease with which landowners have secured special permits to legalize non-conforming uses and the proliferation of as-of-right non-industrial uses, particularly hotels and other large entertainment-related uses.

When non-industrial uses, especially hotels and residential, enter industrial areas (whether legally or otherwise), they undermine the industrial character of those areas through economic competition and conflicts engendered by environmental and operational incompatibilities. Noise, air emissions, trucking for delivery and waste removal, and hours of operation may all fall within regulatory norms for industrial areas but conflict with the expectations of residents and commercial users.

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<sup>6</sup> *Protecting New York's Threatened Manufacturing Space*. Pratt Center for Community Development, April 2009.

<sup>7</sup> *Learning from Greenpoint and Williamsburg: Zoning and the Future of Industry in NYC*. Christina Chavez, October 2014 (unpublished thesis)

There were over 300 manufacturing businesses operating in the Greenpoint-Williamsburg rezoning area in 2004. This review followed up on a sampling of 32 firms.

<sup>8</sup> *Hotel Development in NYC, Room For Improvement*. Pratt Center for Community Development, February 2015.

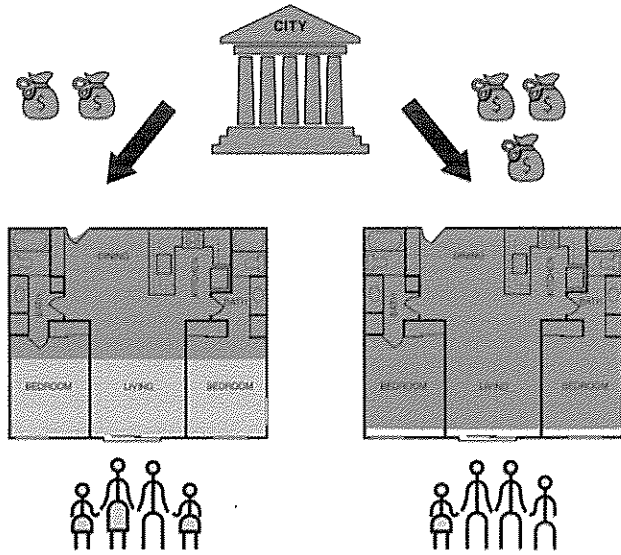
The result of all this displacement is a loss of well-paying jobs for people with limited educational attainment and English language skills. When forced to look towards alternative sectors for employment after the loss of a manufacturing job, people are often steered to employment in retail, which results in a significant decrease in income. Citywide, manufacturing jobs pay an average of \$51,637 and retail jobs pay an average of \$37,584.<sup>9</sup> The disparity is even greater outside of Manhattan. A recent study by the City Council reported average industrial wages for Brooklyn and Queens workers at \$50,934 and retail at \$25,416.<sup>10</sup> This income disparity becomes particularly problematic when applied to the Mayor's affordable housing plan. If industrial areas continue to be considered for residential development, and permanent job growth comes largely from the neighborhood businesses serving the new residents, such as jobs in retail, the drop in income will fuel increased need for affordable housing, a dynamic that would undermine the rationale behind the rezoning

(See Appendix A). As presently conceived, the bulk of the new affordable units could be afforded by a household supported by an industrial wage earner, but would be beyond a household supported by a retail income.

New land use tools are essential to reconciling the de Blasio Administration's housing and equity agenda. The Administration has already demonstrated its willingness to explore new strategies in embracing mandatory inclusionary zoning to stimulate affordable housing development. The next step is to develop tools that also provide space for job creation. This report examines the ways that New York City's existing land use policy tools fail both to protect land for manufacturing and to promote a sustainable mix of residential and industrial uses. It proposes new approaches to accomplish these goals in support of the de Blasio Administration's equity agenda as well as its affordable housing plan.

**Figure A. : Replacing Industrial Jobs With Retail Jobs Undermines Affordability And Increases The Need for Public Subsidy**

Rent burden is 30% of household income based on average wages for the industrial and retail sectors, and one wage earner per 4 person household. Assumes total construction cost per 2 bedroom unit at \$285,000 (assuming \$300/square foot combined hard and soft costs with \$0 cost for land acquisition and a 950 square feet unit).



<b>Industrial income household</b>	
The average industrial wage is	The maximum monthly rent this family can afford is
<b>\$50,934.</b>	<b>\$1,231.35</b>

<b>Retail and other neighborhood services household</b>	
The average retail and services wage is	The maximum monthly rent this family can afford is
<b>\$25,416.</b>	<b>\$593.40</b>

<sup>9</sup> New York State Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2013.

<sup>10</sup> *Engines of Opportunity*, New York City Council, November 2014, p. 5.

### III. Strengthening Industrial Areas and Creating Jobs Through Industrial Employment Districts

In 2006, in an effort to retain and expand the city's industrial sector and in response to criticism of its large-scale rezoning policies, the Bloomberg Administration established 16 Industrial Business Zones (IBZs) throughout the city by issuing an executive order designating specific areas within existing manufacturing zoning districts. Non-profit industrial service providers were engaged to offer expanded business services to industrial and manufacturing firms in these areas, and tax credits were offered to businesses that relocated to an IBZ. Importantly, to promote the real estate stability that is required for manufacturing firms to thrive on a long-term basis, the Administration made a commitment to not rezone these areas for residential use. Actions by the IBZ Boundary Commission in late 2013 created additional zones, resulting in a total of 21 IBZs throughout the city.

**The proliferation of non-industrial uses has fueled speculation and commercial gentrification, even within the IBZs.**

While the IBZ designation has fostered some sense of stability for land users within their boundaries, the IBZ designation does not change the porous nature of the underlying industrial zoning. Especially in hot market areas, the proliferation of non-industrial uses, such as self-storage, entertainment, retail, offices independent of a manufacturing operation, and hotels, has fueled speculation and commercial gentrification, even within the IBZs. Many industrial businesses need and want an industrial-only location free of conflicts with non-industrial uses and that offers the real estate stability required for investment in their property and operations. As these non-industrial uses begin to grow in a manufacturing area, they not only directly displace manufacturers but also cause adjacent property owners to reevaluate and price their properties in

anticipation of conversion to non-industrial uses. Industrial tenants also observe the changes in their area, begin to fear for their economic security, and start weighing a future move.

This real estate uncertainty, even though it is of property values increasing, can deter investment by both the property owners and the industrial tenants, triggering a downward spiral that is bad for the business, bad for the community and bad for the workers. Business owners are hesitant to invest in new equipment, training and even in marketing because they are uncertain that they can recover their costs if they have to move. Property owners may also curtail maintenance and investment if they are beginning to consider a sale or use change.

This disinvestment includes not only direct business operations but improvements necessary to adapt to climate change. As the New York Environment Justice Alliance has argued, this is a particular problem because so many of the City's industrial areas are on the waterfront and at risk from sea level rise.

Finally, IBZ service providers have been fiscally squeezed by successive cuts in City support, even as their service areas have expanded. While not strictly a concern of land use policy, decreased funding for or the elimination of programs contributes to the expectation that the land use policy is changing, compounding uncertainty and fear among existing businesses. The experience of the Greenpoint-Williamsburg IBZ in the wake of the area's 2005 rezoning illustrates both the value of IBZs and the need to strengthen the protections they offer in order to preserve areas attractive for industrial activity and investment.<sup>11</sup>

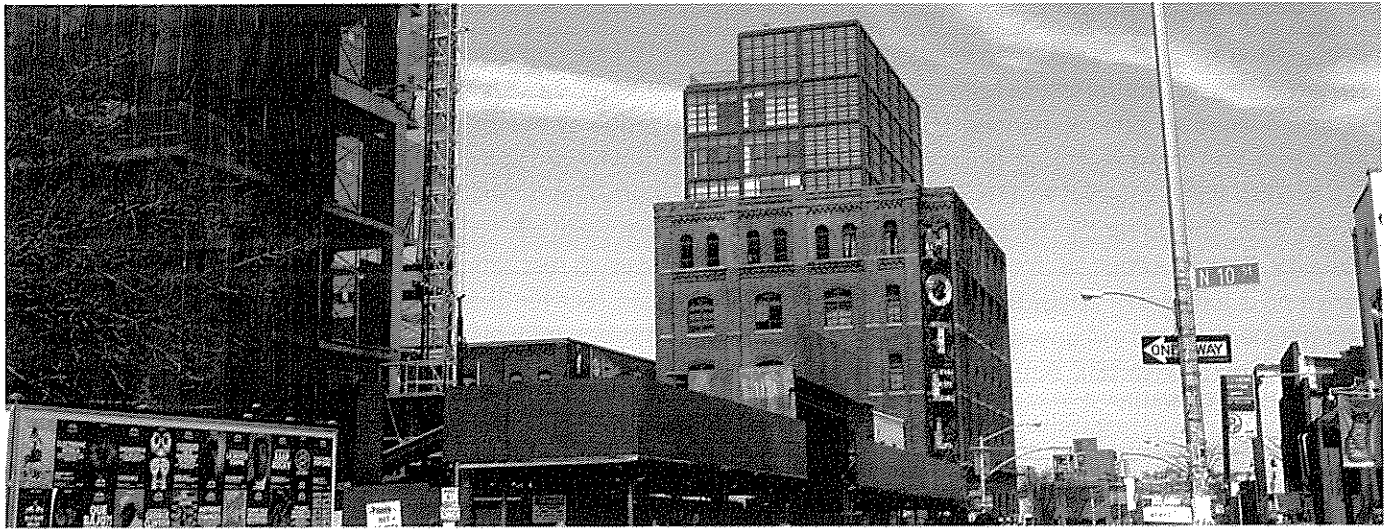
#### Greenpoint-Williamsburg Industrial Business Zone

In 2006, in part to remediate the 2005 adoption of the 184-block rezoning plan for Greenpoint-Williamsburg, the City created the Industrial Business Zone program and mapped the Greenpoint-Williamsburg IBZ along the East River near the Bushwick Inlet. While the Greenpoint-Williamsburg IBZ blocks

<sup>11</sup> See also *Engines of Opportunity*, NYC Council, November 2014 which examined the impact of the rezoning and reached similar conclusions about the ineffectiveness of MX zoning to preserve industrial jobs.

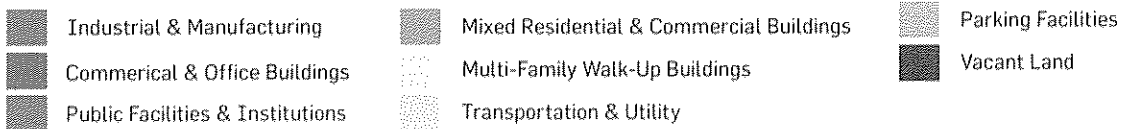
remained zoned for manufacturing, the penetrable character of manufacturing zoning combined with the real estate pressure stemming from adjacent areas that had been rezoned for market-rate residential development led to substantial encroachment by as-of-right, non-industrial uses. In 2004, the year before the rezoning was approved, 87% of the lot square footage in the IBZ was occupied by "Industrial and Manufacturing" uses; there were no "Commercial

and Office" uses (see Figure B).<sup>12</sup> By 2014, "Industrial and Manufacturing Uses" decreased by over 378,000 square feet and now only comprise 65% of the lot square footage. In contrast, commercial uses have increased by 236,000 square feet and now constitute 14% of all lot square footage (see Figure C).<sup>13</sup> Figure D shows the variety of non-industrial uses that have located in the IBZ in recent years.



**Figure B. 2004 Greenpoint-Williamsburg IBZ Land Use**

**Figure C. 2014 Greenpoint-Williamsburg IBZ Land Use**



**Figure D. Non-industrial Uses in the Greenpoint-Williamsburg IBZ, 2015**



**Bar/Restaurant/Cafe**

- 3 MatchaBar
- 9 Kinfolk Cafe/bar
- 19 Berry Park
- 24 Dirck the Norseman
- 25 Northern Territory
- 12 Kent Ale House

**Hotel**

- 5 Unnamed (under construction)
- 13 Wythe Hotel
- 17 Level Hotel (under construction)

**Miscellaneous**

- 1 Paws and Claws Veterinary Hospital
- 6 Unnamed (under construction)
- 11 Eva's Play Pups
- 21 The Boiter
- 23 Williamsburg Wellness Center

**Entertainment**

- 14 Brooklyn Bowl
- 10 Verboten
- 15 Output
- 20 The Gutter
- 28 Brooklyn Night Bazaar

**Office**

- 2 Fast Ashleys Studios
- 8 Vice Media
- 16 Amazon Photo Studio
- 18 Unnamed (under construction)
- 22 Root Media Studio
- 27 The Yard

**Retail**

- 4 Kinfolk Store
- 7 Jungle Design
- 26 The Tasting Room



### Innovation Districts: Mixing Commercial and Industrial Uses

The justification for affirmative policies to mix commercial and industrial uses holds that proximity of uses will build relationships among companies and individuals that will lead to new product development, new business formation, and an accelerated cycle of innovation that will generate growth. Often called "Innovation Districts," such areas are intended to contain a synergistic mix of space for design, production, the arts, and other activities rooted in creativity, as well as restaurants and other amenities desirable to the workers in these sectors. However, for all its dynamism and fluidity, the innovation process suggested in this model ironically depends on real estate stability to assure the availability of a diverse range of spaces occupied by tenants who can afford a variation of land costs and rent levels.

As demonstrated in the preceding section, the introduction of commercial uses into an industrial zone can dramatically reduce the amount of space available for production-based uses, bid up the cost of real estate, and displace industrial businesses and jobs. Rather than allow non-industrial uses to permeate an Industrial Business Zone or other heavily industrial area, the City should identify other, more appropriate areas to facilitate this type of mix. An "Innovation District" that seeks to propagate a stable mix of industrial and commercial uses will likely need a series of zoning provisions similar to those described in the following section of this report on mixed industrial-residential zoning. In addition, in order to promote mixed commercial/industrial districts, the City should make greater use

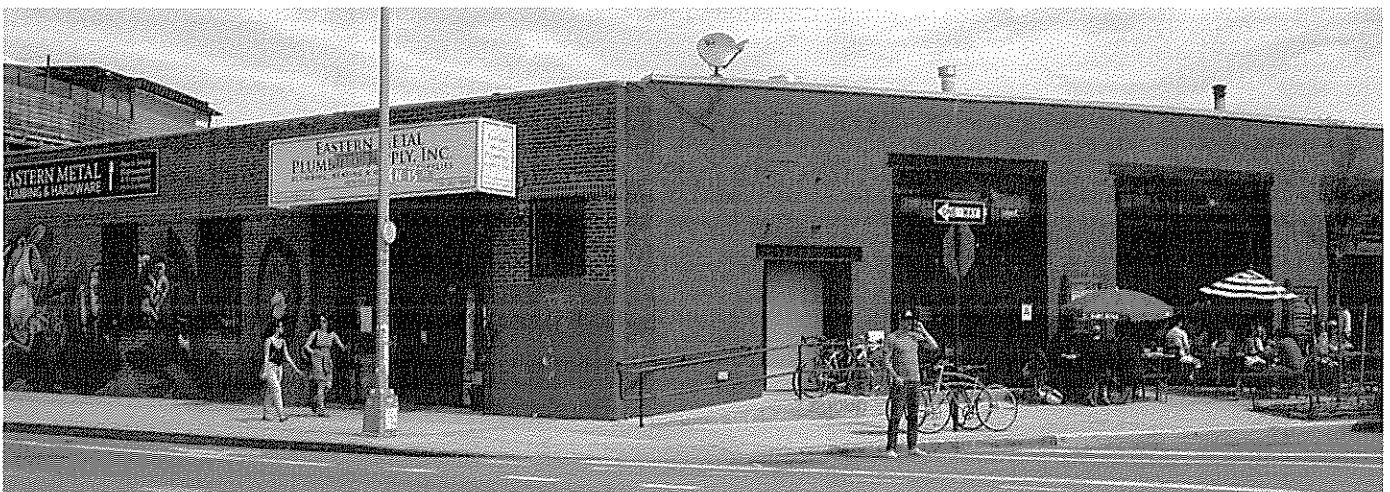
of non-profit organizations or the City's Industrial Development Agency to own or manage industrial spaces and to foster connections between businesses and those academic institutions able to provide research and development support.

Industrial Business Zones, however, should remain solely for industrial activity.

Recommendations – Codify IBZ boundaries in zoning and strengthen their protection of industrial uses

In light of the challenges posed by encroaching uses in IBZs and by speculation that IBZs may be rezoned to allow residential development, we recommend that the City designate the 21 IBZs as Industrial Employment Districts (IEDs) with the following provisions:

- 1) Eliminate or strictly limit non-industrial uses within IBZs by banning big-box retail and self-storage facilities. A special permit would be required for schools, social services, hotels, and large, non-ancillary office uses subject to findings that they would not displace manufacturers, undermine the operations of industrial neighbors, or provoke speculation. Commercial uses such as restaurants, entertainment venues, and small retail would be allowed only on a scale that supports the industrial uses.
- 2) Codify IBZs in zoning as IEDs so that landowners and businesses have the assurance of relative permanence. The City could also consider increasing the allowable density in these areas to encourage new industrial development.<sup>14</sup>



<sup>14</sup> *Engines of Opportunity*, NYC Council, November 2014 also calls for the creation of Industrial Employment Districts (IEDs).

## IV. Challenges of creating and sustaining a mix of industrial and residential uses

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Pratt Center initiated this research with the intent of developing strategies to support the formation of new mixed-use districts. What we learned about the financial and operational challenges of mixed-use districts forced us to reconsider our original objectives and recognize the limitations of mixed-use districts as a strategy to encourage both affordable housing and industrial jobs. The initial analysis of the impacts that the numerous MX rezonings has had on existing industrial land clearly shows that MX is not working and should not be pursued moving forward. However, developing an alternative approach is not an easy endeavor. As this section demonstrates, the extreme flexibility in MX does not provide any incentive to maintain industrial uses, consequently deterring the mix of uses that is desired. However, alternate approaches present their own challenges. This section seeks to highlight these various challenges, with suggested remedies for many of those hurdles. To fully address remaining obstacles, the City must come to terms with the cost of creating balanced mixed-use zones; namely, how to offset the need for significant density, the need for public subsidy, and the requisite administrative resources to effectively enforce the zoning code.

MX zoning has resulted in a substantial loss of industrial space

New York City's history of mixed residential/industrial neighborhoods long predates the adoption of the 1961 Zoning Resolution. For decades, industrial neighborhoods were job centers for workers who lived nearby and walked to work. When manufacturing locally and nationally began to decline in the 1970s and 1980s, a number of special mixed-use districts, such as the Special Northside Mixed-use District in Williamsburg, Brooklyn, were created in an attempt to maintain a balance of residential and industrial uses. Specific criteria for where various uses could locate within a particular block were issued in these districts in order to preserve a balance of residential and manufacturing. Despite these guidelines, many of

these districts experienced a dramatic shift towards residential uses. Many buildings that prohibited residential uses were illegally converted as there was little enforcement of zoning restrictions. Even when building owners legally abided by the residential restrictions, the Board of Standards and Appeals frequently granted use change variances without adequate investigation or analysis into the merits of the variance request to determine if the balance of uses sought by the special zoning designation was being achieved.

In the late 1990s, in an effort to both streamline the process for setting up mixed-use districts and to create greater flexibility within the new mixed-use zones, the NYC Department of City Planning (DCP) developed a generic mixed-use zoning text that could be applied in different areas of the city. The Special Mixed-use District (MX), as it is known, was first mapped in the Bronx in Port Morris in 1997 and has been the City's primary mixed-use tool over the past two decades. DCP describes the intent behind MX as to:

"... encourage investment in, and enhance the vitality of, existing neighborhoods with mixed residential and industrial uses in proximity and create expanded opportunities for new mixed-use communities. New residential and non-residential uses (commercial, community facility and light industrial) can be developed as-of-right and can be located side-by-side or within the same building."<sup>15</sup>

Despite this objective, MX zoning in practice has not ensured a balance of uses but instead has tipped the scales towards a significant increase in residential uses and a substantial loss of industrial space. The fundamental weakness is that MX zoning sets no limits or ratios to maintain the mix of land uses over time and allows both residential and light manufacturing uses as-of-right. Because the return on investment for residential development is exponentially greater

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<sup>15</sup> [http://www.nyc.gov/html/dcp/html/zone/zh\\_special\\_purp\\_cw.shtml](http://www.nyc.gov/html/dcp/html/zone/zh_special_purp_cw.shtml)

than the return on industrial development, residential uses will almost always prevail over maintaining or expanding industrial uses.

The majority of existing MX districts has experienced significant increases in residential and commercial uses at the expense of industrial uses. As of 2014, the total amount of industrial and manufacturing lot square footage in the 14 MX districts mapped since 1997 and the Hunters Point Sub-District<sup>16</sup> has decreased by 41%, a loss of over 4.2 million square feet.<sup>17</sup> Residential lot square footage, including mixed residential and commercial land use, has increased by 71%. There has also been a 36% increase in the lot square footage for commercial uses (without residential).<sup>18</sup> In some districts, the negative impact of MX zoning on industrial space is especially acute: in the Greenpoint/ Williamsburg, Flushing/Bedford, and Hudson Square MX districts, industrial lot square footage decreased in each district by over 60%. There is only one MX district that has seen an actual increase in industrial and manufacturing lot square footage: the West Harlem MX district experienced a 7% increase.

There appeared to have been some recognition by the end of the Bloomberg Administration that in order to achieve a desired mix of uses, whether a mix of residential and industrial uses or a mix of residential and commercial uses, a generic zone that simply allows various uses without any provisions to require or maintain any of them will likely not achieve the desired outcome.<sup>19</sup> The M1-6D district mapped in Penn Station South in 2011 and the Special Hudson Square District in Manhattan mapped in 2013 both allow residential development as-of-right only in buildings under a certain size, and with provisions to maintain existing non-residential uses in larger buildings.

#### MX and Housing New York: the challenge of preserving jobs and creating affordable housing

The de Blasio Administration is relying on the introduction of housing in manufacturing zones as part of its strategy to create and preserve 200,000 units of affordable housing.<sup>20</sup> Despite the failure of

the MX zoning tool to sustain a balance of uses, the Department of City Planning has proposed to rezone existing industrial areas in East New York to MX, suggesting an unfortunate return to earlier zoning policies which could have citywide impact on the availability of industrial space.

**MX zoning has not ensured a balance of uses but instead has tipped the scales towards a significant increase in residential uses and a substantial loss of industrial space.**

Recognizing that MX has not successfully achieved a balance of uses and that in many communities a balance is desired, Pratt Center has explored alternatives for achieving a truly balanced and sustainable mixed-use zone that includes both industrial uses and affordable housing. We examined two scenarios: The *vertical mixed-use scenario* envisions a district where any new construction includes on-site industrial space, affordable housing, and market-rate housing. The *horizontal mixed-use scenario* envisions a district where vertical mixed-use buildings are allowed, but not required. Instead, residential development is restricted to specific lots, and the creation of new industrial space is encouraged through added density and available financial support. Each scenario presents specific challenges.

This analysis demonstrates that, while it is extremely difficult to create balanced mixed-use districts that include affordable housing without displacing manufacturing, it is indeed possible. To accomplish such a mix requires an acceptance of considerable housing density, a contribution of significant public subsidy, and significantly tougher zoning enforcement than has been the practice in the past.

<sup>16</sup> The Hunters Point Sub-District in Long Island City is not officially an MX district but has the same provisions of an MX district.

<sup>17</sup> This analysis is conservative as it only includes changes made since 2004, the oldest reliable PLUTO database available. Therefore it does not account for any change in land use between 1997 and 2004 for the 4 MX districts and the Hunters Point Sub-District that were all mapped prior to 2004.

<sup>18</sup> NYC Department of City Planning MapPLUTO, 2004-2014

<sup>19</sup> For example, the Purpose and Need section in the Environmental Impact Statement for the Special Hudson Square District outlines the need for the various provisions included in the special district. [http://www.nyc.gov/html/dcp/pdf/env\\_review/hudson\\_square/01\\_feis.pdf](http://www.nyc.gov/html/dcp/pdf/env_review/hudson_square/01_feis.pdf)

<sup>20</sup> <http://www.nytimes.com/2015/02/04/nyregion/new-york-mayor-bill-de-blasios-state-of-the-city-address.html>



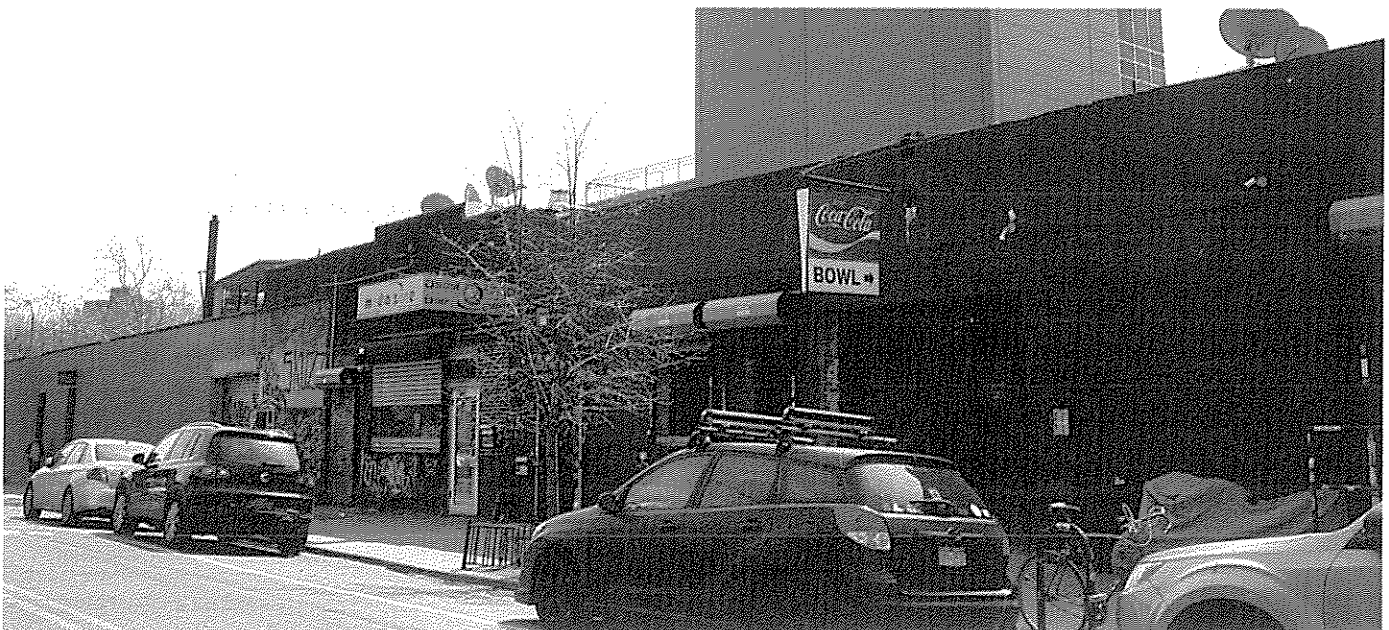
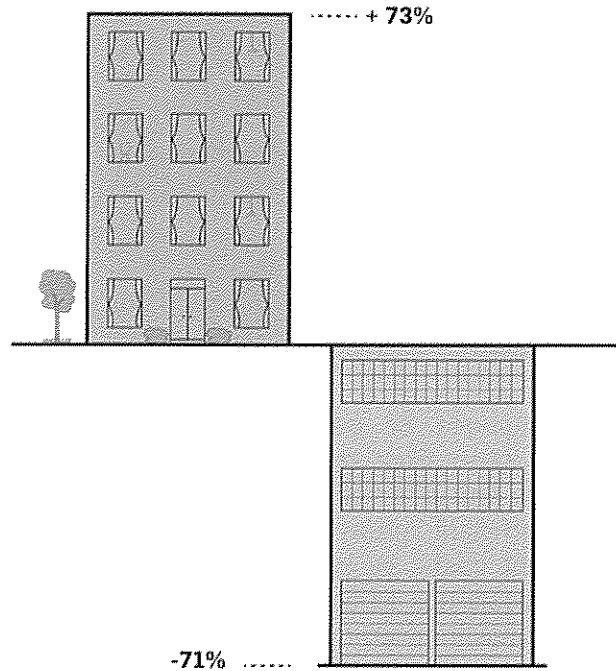
It also suggests that current neighborhoods which remain mixed-use are precious and deserving of attention to maintain and preserve their successful conditions. Zoning in these neighborhoods should be revised by adding the balancing protections described below such that when market expansion catches up to them, the weaknesses in the current MX zoning will have been already addressed. Without such commitments, the mapping of additional MX

zones as it is currently defined will catalyze the displacement of industries that provide living-wage jobs for residents of the low-income communities that the housing plan sets out to help. It is possible to avoid pitting affordable housing against good jobs for New Yorkers who badly need both, but to realize this vision will require thoughtful policy crafting and an investment of capital funding and political will.

### Figure E. MX Results In Displacement of Industrial Space

Without any mechanism to balance uses, MX zoning has resulted in a significant loss of industrial space. For example, in the Flushing-Bedford MX district (MX 4), residential uses have increased by 73% while industrial and manufacturing uses have decreased by 71% between 2004 and 2014.

Source: NYC Department of City Planning MapPLUTO, 2004-2014.



## Vertical Mixed-use Scenario

The current MX zoning allows for vertical mixed residential and industrial buildings as long as the residential units are located above any industrial use; however, there have been very few instances in which this type of development has actually taken place. In order to evaluate the feasibility of a mixed-use district that would require residential buildings to include space for manufacturing, Pratt Center analyzed the particular challenges of this type of development. The primary challenges identified are financial, operational and administrative.

**The vertical mixed-use scenario envisions a district where any new construction includes on-site industrial space, affordable housing, and market-rate housing.**

The financial challenges of developing a new mixed-use building stem from the fact that both new industrial space and affordable housing do not generally yield a sufficient return on investment to support development costs, so both require some subsidy. If that subsidy has to come entirely from an internal cross subsidy generated by market rate housing, significant residential density is required. Additionally, in such instances there is still an incentive to charge rents comparable to commercial levels for ground floor manufacturing space, which in most cases proves too expensive for most manufacturers.

To better understand the financial challenge of developing a vertical mixed-use building, Pratt Center worked with the Fifth Avenue Committee to run an illustrative model pro forma of a single building that had 1 Floor Area Ratio (FAR) of manufacturing on the ground floor, 20% affordable housing, and 80% market rate housing.<sup>21</sup> While the cost of development certainly varies from neighborhood to neighborhood based on real estate values, our model uses a 17,000

square foot vacant site in Crown Heights as an illustration. Crown Heights' community board has indicated it is interested in increasing affordable housing while maintaining its industrial base. Our analysis concluded that in order for a developer to make a 10% return on investment on a building with on-site manufacturing as well as 20% affordable housing,<sup>22</sup> the zoning would have to allow an FAR of 6.0 or higher (see Appendix B for more information). This is slightly higher than what is considered necessary to build 20% affordable housing in today's market without a manufacturing requirement. This analysis also assumed a \$17/square foot rent for the ground floor manufacturing space, a high but not unreasonable manufacturing rent. However, landlords would be able to charge higher rents for non-industrial uses that are allowed as-of-right in an M zone, as described earlier in this report in reference to the IBZs. Restrictions on ground floor uses would have to be added to the zoning, but this may make financing more challenging for the developer of a vertical mixed-use building.

The operational challenges of a mixed-use building are the same as a mixed-use district but magnified. These stem from conflicting behaviors, standards, and expectations of different users, which may be as mundane as the time of day for putting out garbage or as potentially serious as having children walk across truck routes to get to school. Many industrial businesses operate on a 24/7 schedule, often with trucks coming and going early in the morning. Even light industrial uses such as woodworking, apparel manufacturing, and food manufacturing can produce noise, vibrations, and/or odors. In recognition of these potential conflicts, current MX district regulations impose tighter performance standards for a limited list of industrial uses. The assumption is that, if the City were to create a new mixed-use district, similar standards would remain.

Nonetheless, a business must be free to perform the operations that are essential to its survival and which fall under allowable limits as per the zoning code, despite the irritation this may cause some residents.

<sup>21</sup> Pratt Center included an 80/20 split for market/affordable housing development for this study's financial analysis. However, we support a larger percentage of affordable housing as advocated for by the Association of Neighborhood and Housing Development (ANHD), especially where developers are not required to build on-site manufacturing.

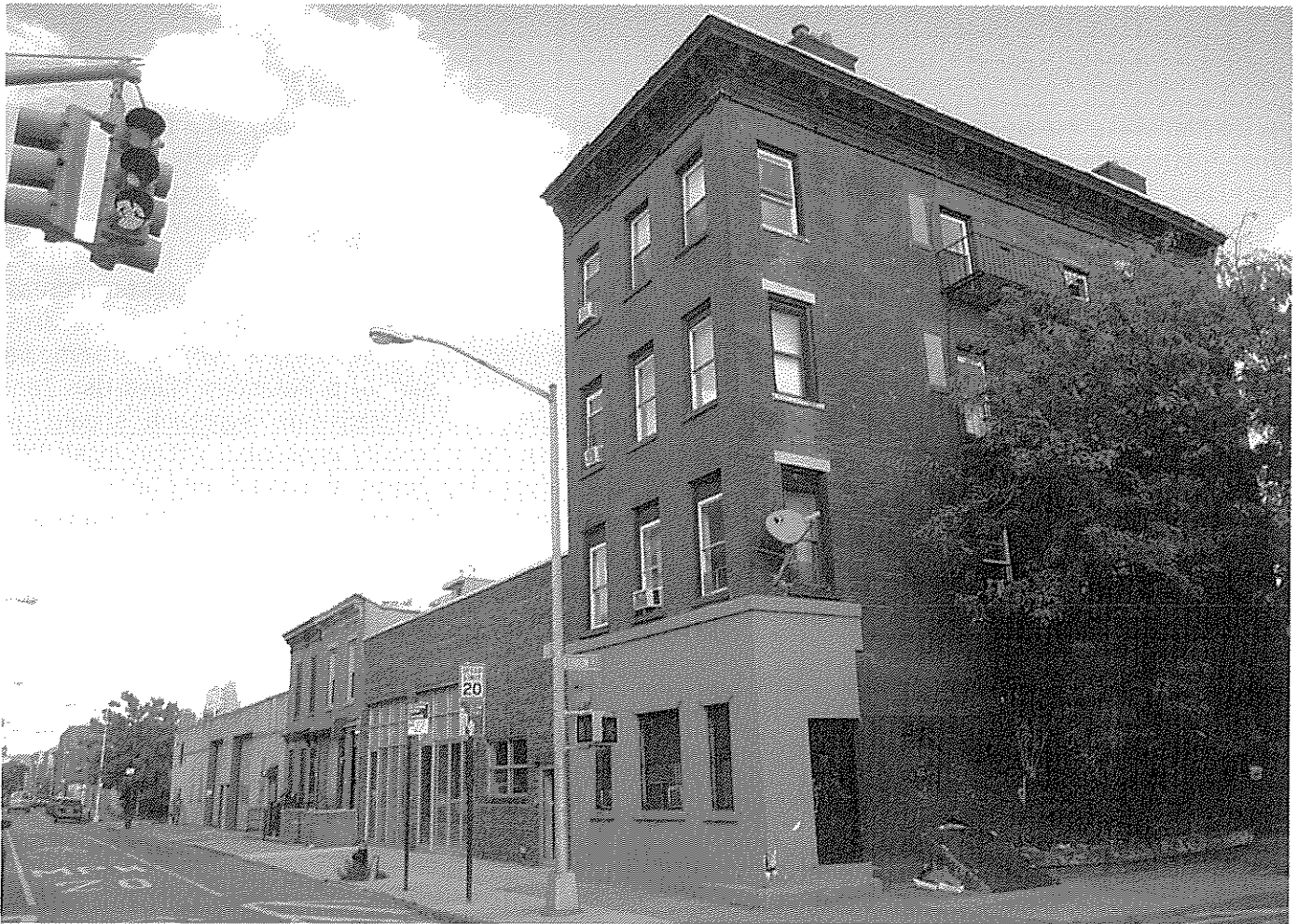
<sup>22</sup> The pro forma assumes a purchase price of \$250/sf, manufacturing rent of \$17/sf, and affordable housing rents of \$854 for a studio to \$1,278 for a 3BR.

For example, a coffee roasting company should not be fined for emitting the smell of roasting coffee if it legally occupies a building in an industrial area and meets the environmental standards for manufacturing.<sup>23</sup> The potential for complaints by residential or even commercial office users is likely to increase if residents and businesses are located in a single building where the operational impacts are more likely to be felt. There may be design solutions to address these concerns, but it is equally likely that they will come with added cost, which in turn may affect higher manufacturing rents.

The third challenge is the administrative effort required to ensure adequate enforcement of the zoning code. Land use violations are often hard to detect. While manufacturing activities on the first floor are sometimes visible for street inspection, a space designated for manufacturing may be illegally converted easily without detection unless there are regular building inspections, a process that historically has been a low priority in the deployment

of city resources. Even when such violations are discovered, there are few politically viable remedies, especially if the space has been illegally converted for residential use.

A mixed-use district that requires new construction to preserve space for manufacturing would result in the development of new industrial space housed in such close proximity to residential uses that the cost and hassle to manufacturers may not be worthwhile. It is our conclusion that vertical mixed-use buildings are possible, but very difficult and costly to develop. Individual developers may want to pursue mixed-use buildings as part of a particular business strategy or aesthetic, and they should have the option to do so in designated areas. Nonetheless, this approach will not work for every neighborhood and is infeasible for many industrial business types. Therefore, vertical mixed-use should not be considered as a broadly applicable policy solution to the dual challenges of building affordable housing and supporting industrial jobs.



23 <http://www.nytimes.com/2002/12/11/nyregion/cup-of-kafka-coffee-roaster-cited-for-coffee-smll.html>

## Horizontal Mixed-use Scenario

Given the challenges of vertical mixed-use zoning described above, Pratt Center also examined the potential for a horizontal, or district-wide, mixed-use zoning approach. Rather than require a mix of uses in each building, the district-wide approach seeks to maintain a mix of uses across a defined area. The district provisions limit residential development to vacant lots and pre-existing residential buildings, protects existing industrial spaces, and encourages industrial property owners to expand. This district may be appropriate in existing MX districts and light manufacturing districts where there is currently a mix of uses and where the addition of a limited number of housing units would not dramatically alter neighborhood character or place undue burdens on existing industrial businesses. The goals of the balanced, horizontal mixed-use district are to:

- Maintain existing square footage of manufacturing uses and enable expansion and development of new manufacturing spaces within the district;
- Protect existing manufacturing and residential tenants to the greatest extent possible;
- Allow for targeted residential development with mandatory affordable housing;
- Allow for limited commercial development that serves the neighborhood but not at a scale that will compete with manufacturing uses; and
- Promote an equitable approach to development that allows all property owners and tenants to benefit.

A district-wide, mixed-use zoning approach shares many of the same challenges as the vertical approach, including financial, operational and administrative hurdles, but not quite to the same degree. The financial challenges of building affordable housing and expanding industrial properties will similarly require significant residential density as well as some public subsidy. However, there may not be the same construction- or design-related premiums for locating multiple uses in one building. Operationally, conflicts between industrial and residential neighbors would still exist, albeit on a lesser scale. The administrative resources required to strictly enforce the zoning code will still be challenging.

While the industrial uses may be more visible, the regulations governing development and use are arguably more complex and may need greater review by city agencies. In addition, by allowing residential development only on specific lots, those property owners would be positioned for a greater increase in land value than others. We have tried to address these inequities by outlining a number of remedies that could be part of a Balanced Mixed-Use Zone. Moreover, the district-wide approach should not be seen as a broadly applicable option in all light manufacturing zones. It should only be considered in targeted and specific areas, and not in any area dominated by active industrial uses.

**The horizontal mixed-use scenario envisions a district where residential development is restricted to specific lots, and the creation of new industrial space is encouraged through added density and available financial support.**



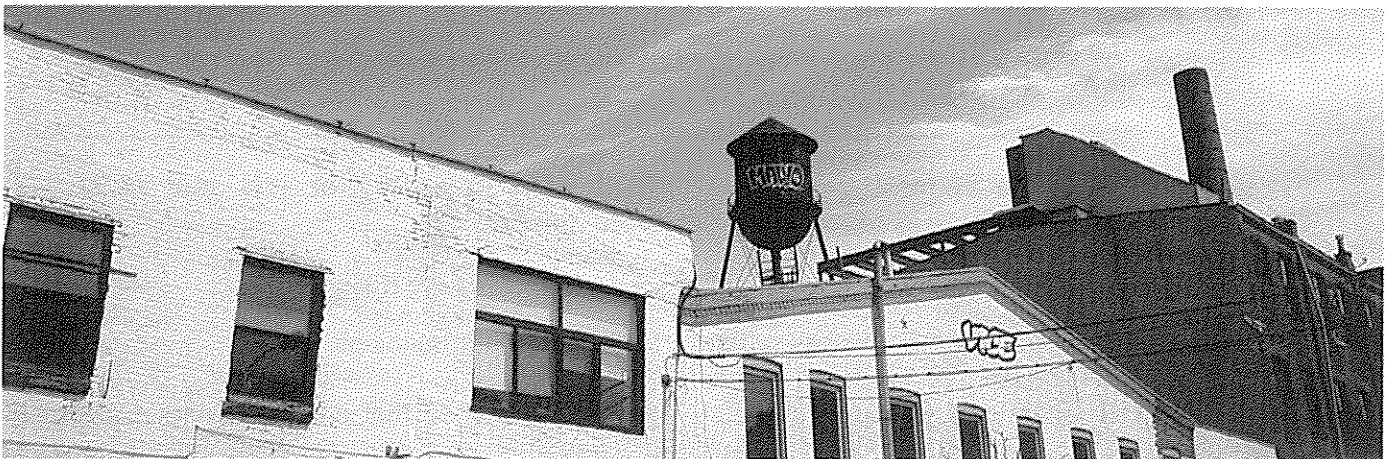
### Horizontal Mixed-Use Provisions

The following provisions of a balanced mixed-use district aim to direct residential development without displacing industrial uses:

<b>OBJECTIVE:</b>	<b>Protect Existing Tenants and Preserve Space.</b>
<b>STRATEGY:</b>	<b>All lots that have or had industrial building square footage within five years prior to the new zoning designation are designated as an "Industrial Preservation Building" (IPB).</b>

To prevent evictions, real estate speculation, and warehousing of land in anticipation of the zoning change, any lot in the district that has or has had building square footage occupied by a legal industrial use within five years prior to the zoning designation should be certified as an "Industrial Preservation Building" (IPB), and that amount of square footage

must be preserved on site for all uses allowed as-of-right in an M1 zone.<sup>24</sup> This designation maintains the current amount of industrial building square footage in the district and discourages displacement of industrial businesses before implementation of the zoning district.



<b>OBJECTIVE:</b>	<b>Provide opportunity for industrial property owners to expand their buildings.</b>
<b>STRATEGY:</b>	<b>All lots in the district are up-zoned for an additional 2-3 FAR of manufacturing.</b>

In order to incentivize the development of additional industrial space, all lots in the district should be rezoned for an additional 2-3 manufacturing FAR. While these properties would not have the same

increase in value as properties rezoned to allow residential, the increased FAR is intended to enable industrial property owners to expand space for industrial activity, creating increased value over time.

<sup>24</sup> NYC has several precedents of linking eligibility to the existence of a particular use on or before a specific date in the zoning code. Examples include the varied restrictions for residential conversions within existing buildings as stated in <http://www.nyc.gov/html/dcp/pdf/zone/art01c05.pdf>

**OBJECTIVE:**

**Maintain a balance between commercial and industrial uses.**

**STRATEGY:**

**Any Industrial Preservation Building (IPB) that expands must maintain square footage for industrial uses.**

As discussed above, existing manufacturing zoning allows for a range of non-industrial uses, including offices, restaurants, and retail. Some uses may be necessary to achieve the return on investment needed for an industrial property owner to expand, but they may also easily undermine the purpose of the district by converting all M-zoned space to commercial uses if allowed without restriction. To ensure that space remains for industrial activity, existing industrial property owners who expand with the additional FAR could lease up to 25% of the expanded building to neighborhood-scale retail and

services; however, they must maintain the remaining space for Prioritized Industrial Uses (PIU). PIUs will vary by district but would include industrial-based uses that are compatible with a mixed-use environment such as light manufacturing.

It is worth noting that a critical challenge to increasing manufacturing FAR is the tension between the goals of protecting existing industrial users and creating new industrial space. Construction may require that a property be vacated for a period, which would put the industrial tenant at risk during construction.

**OBJECTIVE:**

**Allow for limited residential development that does not tip the balance between uses.**

**STRATEGY:**

**Residential development is limited to particular lots and must include at least 20% affordable housing.**

In order to sustain a balanced mix of uses within the district, new housing should be restricted to particular lots. Residential development must include at least 20% affordable units. Only lots that have had one of the following characteristics for five years prior to the zoning designation would be eligible for residential development:<sup>25</sup>

- Exclusively residential uses
- Vacant land
- Land with minor improvements (including surface parking lots) that are not associated with an enclosed commercial or manufacturing use in the district

Depending on the street width and other particulars, residential development could be further restricted to wide avenues, which would be more appropriate

for larger, taller buildings.

We have assumed that an 80/20 market/affordable housing mix is a starting point for the analysis, and that the option to increase the percentage of required affordable housing has its own benefits and drawbacks for this particular type of district. The positive is to create a greater number of affordable units, and units that could potentially accommodate workers of adjacent industrial businesses. Requiring a higher percentage of affordable units could also help reduce rapidly escalating real estate speculation. However, in today's market, requiring more affordable units will also require a greater subsidy and/or greater density for a developer to recoup the loss in rental income. This condition is also the same for the vertical mixed-use approach.

<sup>25</sup> To ensure that a particular type of development is directed to particular (and appropriate) lots, NYC has several precedents of proscribing eligibility criteria in the zoning code. A recent example is the Special Hudson Square District.

**OBJECTIVE:**

**Support the development of industrial space needed for a balance of uses.**

**STRATEGY:**

**Residential developers must pay into an Industrial Development Fund (IDF) that the City can use to support industrial and manufacturing expansion.**

Even with additional FAR, existing industrial property owners would have difficulty adding new industrial square footage in today's market. Typical industrial rents do not provide sufficient return to justify the investment in new construction. In order to close this gap, the City should create an Industrial Development Fund (IDF) that would make grants and low-interest loans to lower construction costs. Such a fund could be capitalized by a combination of revenues including fees paid by new residential development and city capital budget appropriations.

The IDF model supported by recaptured fees on residential construction is shaped by the Business Relocation Assistance Corporation (BRAC), a similar mechanism used in the early 1980s. BRAC collected fees from loft conversions in certain districts. The fee, embedded in the zoning code, was assessed on a per-square-foot basis (and adjusted for inflation), and funds were then distributed to assist businesses needing to relocate within the city.<sup>26</sup>

**It would take a combination of these various options to support an Industrial Development Fund (IDF) that would be able to provide needed financial support for industrial development in a timely and equitable fashion.**

There are two main challenges presented by collecting fees from residential development to underwrite the industrial fund. The first is the likelihood of a timing or sequencing problem presented in the event an industrial developer intends to expand but is delayed in receiving support because insufficient payments have been collected into the development

fund. In fact, the amount which could be collected through fees on residential development might not be sufficient to fully fund the IDF, even if payments were due before receiving a building permit and/or a Certificate of Occupancy. Secondly, by adding another requirement on a residential developer in addition to an affordable housing requirement, the allowable density a developer would require would have to increase.

These problems may be addressed by several other financing options including capital budget appropriations, tax increment financing, and/or the transfer of development rights. If the Fund were to be supported by city capital budget appropriations, projects would have to demonstrate the fulfillment of a public purpose. This may be facilitated by the inclusion of a non-profit manager of the industrial space to guarantee that space remain affordable for job-creating industrial uses over time. The creation of a Tax Increment Financing District which contributes to the fund and is paid back out of the increased property tax revenues potentially occurring from new residential and commercial development is a complex mechanism and rests on many assumptions about likely increases in land values and tax revenues. However, it adds certainty to the availability of funding for the IDF and, arguably, some equity to the balance of benefits awarded in the creation of the district. The creation of a Development Rights Transfer district should allow a manufacturer to sell some of their additional FAR capacities to a residential developer. However it is unclear in today's market that the additional FAR would be of sufficient value to the residential developer to be priced at a level that would allow the industrial developer to close the gap in construction costs. In all likelihood, it would take a combination of these various options to support an IDF that would be able to provide needed financial support for industrial development in a timely and equitable fashion.

<sup>26</sup> Administrative requirements imposed on the management of BRAC made it difficult to spend funds in a timely manner and the City would need to develop ways to facilitate this process.

**OBJECTIVE:**

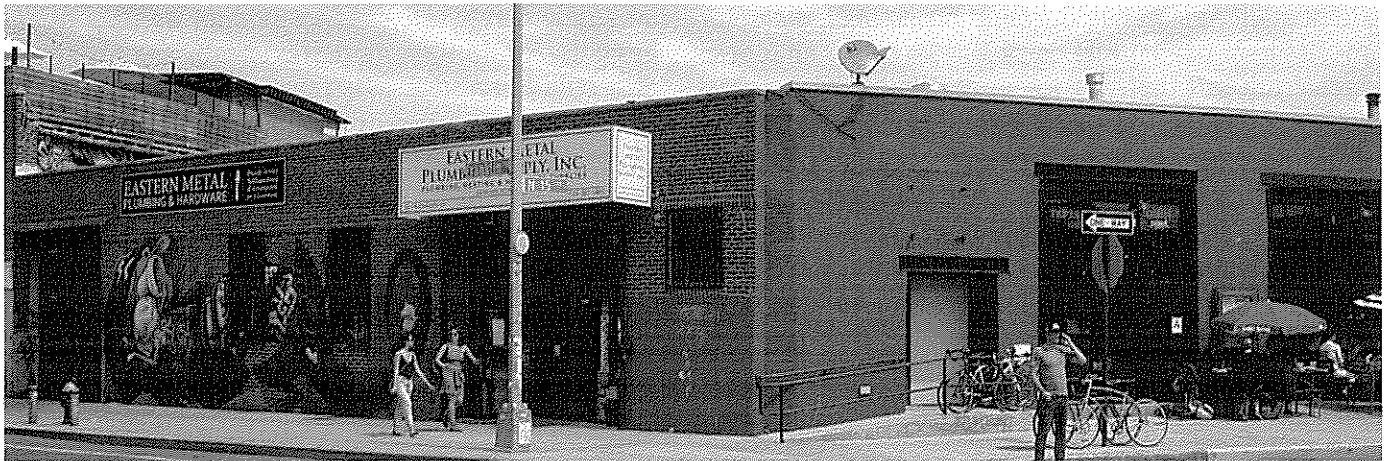
**Alleviate potential conflicts between businesses and residents.**

**STRATEGY:**

**A "Good Neighbor" Policy to guide the development and operations of the district.**

The creation of a mixed-use zoning district should include formulation of a "good neighbor" policy to be drafted by the Community Board that would act to increase awareness among residents and business owners of the area's intentional mixed-use qualities and to minimize potential conflict among user groups by setting appropriate expectations. These good neighbor policies should also seek to educate residents about the implications of living in a mixed residential-industrial neighborhood and foster understanding of the value of industrial businesses and jobs to the city. Realistic guidelines for business operations, such as

hours of operation, waste removal, noise and odor emissions, parking, loading and use of the sidewalks, and other issues that often lead to complaints from residents should be embedded in this document. The guidelines should encourage tolerance and include appropriate strategies for raising awareness among residents that business operations are a valuable part of the community. This may include the introduction of signage and sidewalk treatments to distinguish the mixed-use areas, public events such as "open house" factory tours and community discussions, and programming with local schools.



**OBJECTIVE:**

**Ensure the district provisions are maintained.**

**STRATEGY:**

**Dedicate enforcement resources to keep the balance from tipping.**

Enforcing the zoning code does not often receive much attention, but it is nonetheless a key component of any land use plan and when not conducted becomes extremely problematic. Enforcement is especially important in a district such as the proposed Balanced Mixed-use Zone, where the incentive and potential for illegal conversions are high. Therefore, the City should significantly increase fines for owners in the

district who violate the zoning and institute a system of regular building inspections to ensure compliance. A potential obstacle to a system of more rigorous enforcement may be posed by the challenge of having to evict an illegal residential tenant, a step most elected officials are reluctant to take, and which has in the past led to state intervention to protect the illegal resident.



## Analysis

Pratt Center modeled the district-wide approach using the same 17,000 square foot vacant lot in Crown Heights as was used in the vertical mixed-use scenario to illustrate a potential residential development. Similar to our vertical mixed-use district simulation, the district-wide scenario indicates that in order for a residential developer to make a 10% return on investment on a building with 20% affordable housing and paying \$20/square foot of built residential space into the IDF, the zoning would have to allow an FAR of 6.0 or higher, particularly if restricted by bulk or height limits (see Appendix C for more information). This level of density is considerably higher than what most communities would probably accept, especially if that density were contingent on 80% market-rate housing. As noted above, the required FAR could be decreased if the IDF was capitalized by other sources other than a residential development fee and if public subsidies were made available for the affordable housing. However, without an IDF, new industrial space is unlikely to be built under current market conditions, which will undermine the overall balance of uses in the district. Similarly, if there were other resources to offset speculative land costs, the density could also likely be reduced.

If a residential development is to be permitted without on-site manufacturing or payment into an IDF, the required percentage of affordable housing should be higher than 20%.

While the district-wide approach offers increased FAR and access to the IDF as encouragement to industrial property owners to expand (resources that may also be applied to a vertical mixed-use district), owners of lots eligible for residential development would be poised to profit considerably more. Given the far greater return on residential development, new industrial development might not occur until far in the future if at all, even with the availability of a subsidy provided by the IDF. Industrial property owners would have to be convinced that the city's commitment to the formation of a mixed-use district is long-term and that greater industrial density is their best option. The district-wide approach also allows more flexibility for residential developers than the vertical mixed-use scenario and is more likely

to result in a wider range of industrial uses across the district than would be compatible on the ground floor of a residential building.

Sustaining a mix of uses with different operational requirements, development costs, and rent structures is not a simple endeavor and will require significant administrative oversight to enforce the zoning provisions. The preceding discussion of the challenges and the recommendations for addressing those challenges suggest some of the ways a Balanced Mixed-Use Zone could be pursued to support a thriving, genuinely mixed-use neighborhood. Ultimately, it is important to recognize that a Balanced Mixed-Use District should be pursued only in specific and targeted areas so as not to destabilize solid industrial areas essential for job creation and the city's overall ability to function and prosper. The remaining challenges to the creation of the Industrial Opportunity Districts highlighted previously must first be addressed.

**It is important to recognize that a Balanced Mixed-Use District should be pursued only in specific and targeted areas so as not to destabilize solid industrial areas essential for job creation and the city's overall ability to function and prosper.**

As a starting point, the City should consider pursuing some of the provisions discussed here to select existing MX zones that still retain a significant amount of industrial space. In these areas, new residential development would include affordable housing (which is not a current requirement of MX) and be directed more strategically so as not to further undermine the mix of uses currently in place.

## V. Conclusion

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The de Blasio Administration's agenda to protect and create 200,000 units of affordable housing is ambitious and relies on rezoning some industrial areas to meet that goal, risking both direct displacement of jobs and triggering real estate speculation in adjacent areas, which can lead to even greater job losses. The administration can and should minimize the loss of industrial jobs and encourage job creation, improve competitiveness, and encourage adaptation to climate change by adopting new zoning strategies to reduce displacement and speculation. Implementing the housing strategy alone risks pitting housing against jobs and putting affordability further out of reach for the workers who potentially stand to lose their jobs. Zoning to protect jobs should move forward simultaneously with zoning to create affordable housing because the two together are essential to building a more equitable city.

As this study points out, there are industrial businesses that can only thrive in an area that is free of housing and other uses that conflict with industrial uses and bid up the cost of real estate. To demonstrate its commitment to industrial jobs and secure the space in which these jobs can grow, the City should codify the Industrial Business Zones in zoning as Industrial Opportunity Districts and limit the type and size of non-industrial uses that are allowed in these areas as-of-right. The IBZs were created with a commitment to prohibit residential conversions. The Administration should uphold that commitment and further its support for industrial businesses by closing the zoning loopholes that currently allow the encroachment of non-industrial uses.

In other manufacturing zoned-areas that are not Industrial Business Zones but potentially appropriate for mixed-use development, the City should recognize the negative implications of rezoning to MX and acknowledge that displacement of industrial businesses and jobs is a likely result. Instead of MX, the Administration should implement a more nuanced zoning tool—one that allows for residential, commercial, and industrial development but not at the cost of one over the others. We believe the options for a Balanced Mixed-Use Zone outlined in this study can achieve the important goal of fostering diverse neighborhoods that retain their genuine mix of uses over time and where affordability and innovation can cohabit. However, several challenges must first be overcome in order to create a successfully balanced mixed-use neighborhood, and will require a long-term commitment and resources to safeguard that balance into the future. Most importantly, a mixed-use zone should only be considered in targeted and specific areas, and not in any area that is dominated by active industrial uses.

Taken together, Industrial Opportunity Districts and Balanced Mixed-use Zones in targeted and select areas can help ensure there is ample and reasonably priced space for well-paying jobs alongside space for affordable housing. Ensuring space for jobs will strengthen the city's programmatic initiatives in technology assistance, workforce development, and marketing assistance to create a thriving manufacturing sector essential to the foundations of an equitable economy for all New Yorkers.

# Appendix

## Appendix A : Analysis of Capacity to Finance - Manufacturing Wage vs. Retail Wage

		<b>Manufacturing</b>	<b>Retail</b>	<b>Difference</b>
Annual wages		\$50,934.00	\$25,416.00	\$25,518.00
Household affordable rent (per month)		\$1,248.93	\$593.40	\$351.33
Annual rent Household can afford		\$14,987.10	\$7,120.80	\$4,215.90
Expenses (per unit)		\$6,500.00	\$6,500.00	
<b>Net Operating Income (NOI) (per unit)</b>		<b>\$8,276.00</b>	<b>\$621.00</b>	<b>\$7,655.40</b>
Debt service coverage (ration of cash to debt service)	1.15			
Cash available for debt (per unit)		\$7,196.70	\$539.83	\$6,656.87
Loan size can service (per unit)		\$105,004.98	\$7,876.45	\$97,128.53
Interest rate	6%			
Years	30			

**Appendix B : Vertical mixed-use pro forma (Mixed residential and industrial building)**

20% Affordable, Industrial Fee		FAR	6
		Lot Size	16,500
<b>DEVELOPMENT BUDGET</b>			
	Amount	Rates	Criteria
<b>Acquisition Cost</b>			
Building	\$0	\$0.00	per Square foot \$250 per square foot
Land	\$4,125,000		per du
		\$0	per du
<b>Construction Cost</b>			
Contractor Price - Residential	\$18,150,000	\$220	per Square foot 82,500 square feet
1 FAR Floor Manufacturing	\$3,135,000	\$190	per Square foot 16,500 square feet
Other	\$0	\$120	per Square foot square feet
Cellar/Parking	\$1,856,250	\$125	14,850 square feet
Contingency	\$1,157,063	5.00%	
<b>Total Hard Cost</b>	<b>\$24,298,313</b>	<b>\$247.78</b>	<b>per GSF</b>
		<b>\$285.863</b>	<b>per DU</b>
<b>Soft Costs</b>			
<i>Soft Cost</i>			
Borrower's Legal	\$90,000		
Borrower's Engineer/Architect Fees	\$1,214,916	5.00%	of total HC
Accounting	\$12,000		
Owner's Cons Rep and Staff	\$0		
Bank's Engineer	\$11,000	18	constr.months
Bank Legal	\$65,000		
Environmental Phase I & 2	\$25,000		
LEED/Green consultant	\$0		
Survey	\$6,000		
Title Insurance	\$293,628	0.9%	
Appraisal	\$12,000		
Market Study	\$8,000		
Soil Borings/Ground Testing	\$10,000		
Other:	\$0		
<b>Subtotal</b>	<b>\$1,747,544</b>		
<i>Financing and Other Fees</i>			
Bank Commitment Fee	\$255,392	1.00%	
Annual L/C Fee & Servicing Fee	\$0	0.00%	
Industrial Fee	\$0	\$	/sf
Marketing & Rent-up	\$168,000		
Conversion Fee (permanent)	\$154,727	0.50%	
HPD 421a Fee	\$8,750		
<b>Subtotal</b>	<b>\$586,870</b>		
<i>Carrying Costs</i>			
Construction Interest	\$1,347,229		
Negative Arbitrage	\$0		
Real Estate Taxes	\$10,000		
Water and Sewer	\$10,000		
Other:	\$0		
Insurance	\$150,000		
	<b>\$1,517,229</b>		
<i>Reserves</i>			
Rent-Up Reserve	\$157,803		
Other Reserve	\$0		
Capitalized Operating Reserve	\$105,202	\$1,238	per du
Debt Service Reserve	\$351,410		
<b>Subtotal</b>	<b>\$614,416</b>		
Soft Cost Contingency	\$192,582	5.0%	of soft costs
<b>Total Soft Costs</b>	<b>\$4,658,640</b>		
<b>Developer's Fee</b>	<b>\$3,246,754</b>	10.00%	TDC
<b>Total Development Cost:</b>	<b>\$36,328,706</b>		
<b>Construction Sources</b>			
Bank Construction Loan	\$25,359,599	69.81%	
Developer Equity I	\$7,265,741	20.00%	
Deferred Industrial Fee	\$0		per unit < 130% 50.0%
Deferred Reserves	\$456,612	1.26%	per unit < 130%
Deferred Developer's Fee	\$3,246,754	10.00%	0.0% % of equity during construction
<b>Total Cons Sources</b>	<b>\$36,328,706</b>	<b>100.00%</b>	
<b>Permanent Sources</b>			
Bank Financing	\$30,945,488	85.18%	
Developer Equity	\$3,632,871	10.00%	
Deferred Developer's Fee	\$1,750,348	4.82%	54%
GAP	\$0	0.00%	
<b>Total Perm Sources</b>	<b>\$36,328,706</b>	<b>100.00%</b>	
<b>Total Related Costs</b>	<b>\$ 31,056,417</b>	<b>\$ 365,370</b>	per unit

**Project Assumptions**

85 Apartments  
 17 Studios 3 at 60% AMI, 14 at Market  
 25 One Bedroom 5 at 60% AMI, 20 at Market  
 25 Two Bedroom 6 at 60% AMI, 19 at Market  
 17 Three Bedroom 3 at 60% AMI, 14 at Market  
 1 Super's Unit

**Maintenance & Operating**  
 1 Full time Super, 1.5 FTE Super, 3/4 time doorman  
 Energy Efficient heating (1.5¢/sf/year) and common electric  
 6% Management FEE, \$250/unit/year replacement reserve  
 \$7,426/unit/year

**16,500 SF Manufacturing**  
 \$17.00 sf rent

**Parking**  
 39 parking spaces; \$300/space/month

**Financing**  
 4.25% Construction Financing, 5.75% Permanent Financing

**Developer/Owner Return**  
 11.01%

**Appendix C: Horizontal mixed-use pro forma (Residential-only building with Industrial Development Fund fee)**

20% Affordable, Industrial Fee		FAR	6	
		Lot Size	16,300	
<b>DEVELOPMENT BUDGET</b>				
	Amount	Rates	Criteria	Asking Price
<b>Acquisition Cost</b>				
Building	\$0	\$0.00	per sf -----)	\$250 per square foot
Land	\$4,125,000		per du -----)	
		\$0	per du -----)	
<b>Construction Cost</b>				
Contractor Price - Residential	\$21,780,000	\$220	per Square foot	99,000 square feet
First Floor Manufacturing	\$0	\$190	per Square foot	- square feet
Other	\$0	\$120	per Square foot	- square feet
Cellar/Parking	\$1,856,250	\$125		14,850 square feet
Other	\$0	\$0		- square feet
Contingency	\$1,181,813	5.00%		
<b>Total Hard Cost</b>	<b>\$24,818,063</b>	\$216.63	per GSF	
		\$245,723	per DU	
<b>Soft Costs</b>				
<i>Soft Cost</i>				
Borrower's Legal	\$90,000			
Borrower's Engineer/Architect Fees	\$1,240,903	5.00%	of total HC	
Accounting	\$12,000			
Owner's Cons Rep and Staff	\$0			
Bank's Engineer	\$11,000	1B	constr.months	
Bank Legal	\$65,000			
Environmental Phase I & 2	\$25,000			
LEED/Green consultant	\$0			
Survey	\$6,000			
Title Insurance	\$308,880	0.9%		
Appraisal	\$12,000			
Market Study	\$8,000			
Soil Borings/Ground Testing	\$10,000			
Other:	\$0			
<i>Subtotal</i>	<i>\$1,788,784</i>			
<b>Financing and Other Fees</b>				
Bank Commitment Fee	\$266,430	1.00%		
Annual L/C Fee & Servicing Fee	\$0	0.00%		
Industrial Fee	\$1,980,000	\$ 20.00	/sf	
Marketing & Rent-up	\$200,000			
Conversion Fee (permanent)	\$167,383	0.50%		
HPD 421a Fee	\$10,350			
<i>Subtotal</i>	<i>\$2,624,163</i>			
<b>Carrying Costs</b>				
Construction Interest	\$1,405,455			
Real Estate Taxes	\$10,000			
Water and Sewer	\$10,000			
Other:	\$0			
Insurance	\$150,000			
	<i>\$1,575,455</i>			
<b>Reserves</b>				
Rent-Up Reserve	\$178,163			
Other Reserve	\$0			
Capitalized Operating Reserve	\$118,776	\$1.176	per du	3 month operating
Debt Service Reserve	\$380,153			\$0 per unit
<i>Subtotal</i>	<i>\$677,092</i>			2 month operating
				2 mo mortgage payment
Soft Cost Contingency	\$200,420	5.0%	of soft costs	
<b>Total Soft Costs</b>	<b>\$6,865,914</b>			
<b>Developer's Fee</b>	<b>\$3,513,188</b>	10.00%	10C	54.46% of fee deferred
<b>Total Development Cost:</b>	<b>\$39,322,165</b>			
<b>Construction Sources</b>				
Bank Construction Loan	\$26,455,614	67.28%		
Developer Equity I	\$7,864,433	20.00%		
Deferred Fee	\$990,000		50.0%	% of equity during construction
Deferred Reserves	\$498,929	1.27%		% of Industrial Fee Due at Construction Closing
Deferred Developer's Fee	\$3,513,188	10.00%		
<i>Total Cons Sources</i>	<i>\$39,322,165</i>	<i>100.00%</i>		
<b>Permanent Sources</b>				
Bank Financing	\$33,476,635	85.13%		
Developer Equity	\$3,932,216	10.00%		
Deferred Developer's Fee	\$1,913,313	4.87%	54%	
GAP	\$0	0.00%		deferred
<i>Total Perm Sources</i>	<i>\$39,322,165</i>	<i>100.00%</i>		
<b>Total Related Costs</b>	<b>\$ 33,717,923</b>		per unit	\$ 333,841

Project Assumptions	
<b>Apartment</b>	
20 Studios	4 at 60% AMI, 16 at Market
30 One Bedroom	6 at 60% AMI, 24 at Market
30 Two Bedroom	6 at 60% AMI, 24 at Market
20 Three Bedroom	6 at 60% AMI, 24 at Market
1 Super's Unit	
<b>Maintenance &amp; Operating</b>	
1 Full time Super, 1.5 FTE Super, 3/4 time doorman	
Energy Efficient heating (.53/sf/year) and common electric	
6% Management Fee, \$250/unit/year replacement reserve	
\$7,050/unit/year M&O	
<b>Financing</b>	
4.25% Construction Financing, 5.75% Permanent Financing	
<b>Parking</b>	
39 parking spaces, \$300/space/month	
<b>Return to Developer/Owner</b>	
10.9% IRR	

## About

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The Pratt Center for Community Development has worked for the past fifty years for a more just, equitable, and sustainable city for all New Yorkers by empowering communities to plan for and realize their futures. As part of Pratt Institute, we leverage professional skills - especially planning, policy analysis, and advocacy - to support community-based organizations in their efforts to improve neighborhood quality of life, attack the causes of poverty and inequality, and advance sustainable development.

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Brooklyn, NY 11205

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[www.prattcenter.net](http://www.prattcenter.net)

**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: 05/06/2015

(PLEASE PRINT)

Name: Marcela Mifaleres

Address: 577-39 st. Bk NY 11232

I represent: Neighbors Helping Neighbors

Address: 462-36 st. Bk NY 11232

**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: FRANK CELAURO

Address: \_\_\_\_\_

I represent: 4C FOODS

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: MARIO FICHERA

Address: 2515 50th STREET Woodside NY

I represent: VISUAL MILLWORK

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: \_\_\_\_\_

(PLEASE PRINT)  
Name: JACOB POOLE

Address: 241 HOE AVE. BX NY 10474

I represent: \_\_\_\_\_

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: Laura Wolf-Powers

Address: 413 6th Street Brooklyn NY

I represent: (self - academic - mntzf by Council)

Address: Staff - Brian Paul

**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: May 6, 2015

(PLEASE PRINT)  
Name: Nikita Rappaport

Address: 240 W. 102nd St, #62

I represent: Vertical Wlan Factory

Address: same



**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: 5/6/15

(PLEASE PRINT)

Name: BARUKA WILLIAMS

Address: \_\_\_\_\_

I represent: ADHD

Address: 50 BROAD ST #1402 NY/NY

**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: 5/6/15

(PLEASE PRINT)

Name: Carl Weisbrod

Address: 22 Beade St

I represent: NYC DCP

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: \_\_\_\_\_

Name: Chris (PLEASE PRINT) Haveas

Address: 244 HOYT 2

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: \_\_\_\_\_

(PLEASE PRINT)  
Name: Daniel Wiley

Address: 184 Richardson St

I represent: US Congresswoman Nydia Velazquez

Address: 16 Court St Snt 1006 Bklyn NY

**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: 5/6/2015

(PLEASE PRINT)  
Name: Michael Brady

Address: 555 Bergen Ave Bx, NY

I represent: South Bronx Overall Economic Dev. Corp.

Address: 555 Bergen Ave, Bx, NY

**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: 5/6/15.

(PLEASE PRINT)  
Name: Angel Martinez

Address: 265 W 14th Street, Suite 201

I represent: Teamsters Joint Council 16.

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: ANDREA DEVENING

Address: 241 41st Brooklyn, NY 11231

I represent: Southwest Brooklyn Industrial  
Development Corporation

Address: 241 41st St Brooklyn, NY

**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: Caillin Davranishkin

Address: 2 Kingsland Avenue Brooklyn NY

I represent: Evergreen

Address: 2 Kingsland Ave Brooklyn NY 11211

**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: 5/6/15

(PLEASE PRINT)

Name: Kyle Kimball

Address: 110 William St

I represent: NYC EDC

Address: 110 William St

**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: Andrew Kimball, Industry City

Address: 220 36<sup>th</sup> St., Sunset Park

I represent: Industry City

Address: same

**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: 5/6/15

(PLEASE PRINT)  
Name: Toby Moskowitz

Address: 137 55<sup>th</sup> Ave., Flushing, NY 11357

I represent: \_\_\_\_\_

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: Jean Taylor

Address: 96-11 40th Rd Corona

I represent: Business Outreach Center

Address: 96-11 40th Rd Corona

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: VICTOR MARTINEZ

Address: \_\_\_\_\_

I represent: EL FUENTE

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: 5/6/15

(PLEASE PRINT)

Name: MERCEDES MARCOS

Address: \_\_\_\_\_

I represent: PEPE

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: 5-6-15

(PLEASE PRINT)

Name: Rev. Dr. Samuel Cruz

Address: 411-46<sup>th</sup> St Brooklyn N.Y. 11220

I represent: Trinity Lutheran Church / UPROSE

Address: 4-11-46<sup>th</sup> St Bklyn N.Y. 11220

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: 5/6/2015

(PLEASE PRINT)

Name: Giovanna Tiarachristie

Address: 1459 Sterling Pl #2 BK NY 11213

I represent: Pratt Bushwick Studio

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: Adam Friedman

Address: \_\_\_\_\_

I represent: Pratt Center For Community Devlop

Address: 200 Wiloughy Ave Brookln

**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: Commissioner Maria Torres-Springer

Address: 110 William Street 7th floor

I represent: SBS

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. T2015-2809 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/6/15

(PLEASE PRINT)

Name: Amy Wong

Address: 472 2ND AVENUE, BROOKLYN, NY 11232

I represent: SIMS MUNICIPAL RECYCLING

Address: Att Address 1 LINDEN AVE E. JERSEY CITY, NJ 07305

**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: 5/6/15

(PLEASE PRINT)

Name: Jenny Dubnan

Address: 78-10 34th Ave. #1B Jackson

I represent: Artist Studio Affordability

Address: citywide group project

**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: Elizabeth Yeampierre

Address: 100a 2nd Street Bklyn, NY

I represent: UPROST Executive Director

Address: 100a 2nd Street Brooklyn, NY

**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: 5/6/2015

(PLEASE PRINT)

Name: Elizabeth Luskin

Address: \_\_\_\_\_

I represent: Long Island City Partnership

Address: 27-01 Queens Plaza North, LIC, NYC 10010

**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: Ting Ting Fu

Address: 166a 2nd Street

I represent: UPROSE

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: 5/6/15

(PLEASE PRINT)

Name: Jose Beltre

Address: 712 3<sup>rd</sup> Ave Brooklyn NY 11232

I represent: Sunset Park Business Resident

Address: 212 3<sup>rd</sup> Ave Brooklyn

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: 5/6/2015

(PLEASE PRINT)  
Name: Adriana Scotti

Address: 335 - Adam St. Brooklyn

I represent: Brooklyn Chamber of Commerce

Address: same

**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: 05/06/2015

(PLEASE PRINT)  
Name: Juan Camilo Osorio

Address: 1669-22nd Street, Brooklyn, NY

I represent: NYC Environmental Justice Alliance

Address: 1669 22nd Street, Brooklyn, NY

**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: 5/6/15

(PLEASE PRINT)  
Name: Jeremy Lauder

Address: 6107 Ave T

I represent: Community Board 7/Brooklyn

Address: 4201 4th Ave, Brooklyn

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: May 6, 2015

(PLEASE PRINT)

Name: Anthony Drummond

Address: 209 Jarolomon Street

I represent: Brooklyn Borough President Eric Adams

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: BRIAN COLEMAN (CEO)

Address: \_\_\_\_\_

I represent: GREENPOINT MANUFACTURING AND

Address: DESIGN CENTER

**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: PEDRO ESTEVEZ

Address: \_\_\_\_\_

I represent: UNITED AUTO MECHANICS

Address: ASSOC.

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: KELLIE TERRY

Address: \_\_\_\_\_

I represent: THE POINT

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: JENIFER KING

Address: \_\_\_\_\_

I represent: LIDDABIT SWEETS

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: 5/6/2015

(PLEASE PRINT)

Name: Amy Wong

Address: \_\_\_\_\_

I represent: SIMS Municipal Recycling

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: \_\_\_\_\_

(PLEASE PRINT)

Name: JULIE KELLY

Address: \_\_\_\_\_

I represent: RETAIL MANUFACTURING &

Address: GARMENT

**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: JARROD POOLE

Address: \_\_\_\_\_

I represent: TRI-STATE BIODIESEL

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: FRANK CELAURO

Address: \_\_\_\_\_

I represent: 4C FOODS

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: \_\_\_\_\_

(PLEASE PRINT)

Name: MARIO FICHERIA JR

Address: \_\_\_\_\_

I represent: VISUAL MILWORKS

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: \_\_\_\_\_

(PLEASE PRINT)

Name: Ange Orozco

Address: 166a 22nd Street

I represent: UPROSE

Address: \_\_\_\_\_

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

Interpreter  
for David  
Beltrame

**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: \_\_\_\_\_

Name: Tarry Hum (PLEASE PRINT)

Address: 65.30 Kissena Blvd Flushing NY 11367

I represent: myself - CUNY PNB & POWWA member

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: \_\_\_\_\_

Name: DEBRA Mesloh (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: Boc

Address: \_\_\_\_\_

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