



Brooklyn Navy Yard
Development Corporation
BrooklynNavyYard.org

Building 77
141 Flushing Avenue, Suite 801
Brooklyn, NY 11205

**Testimony of the Brooklyn Navy Yard Development Corporation
Delivered by President & CEO David Ehrenberg
before
The New York City Council Committee on Economic Development
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Chairman Vallone and fellow Council Members, thank you for the opportunity to speak on behalf of the Brooklyn Navy Yard Development Corporation (BNYDC/Navy Yard). You may recall that we last appeared before this committee two years ago to discuss how BNYDC had become a national model of urban revitalization and economic and workforce development. That was January 2019, and we could not have envisioned the environment within which we now operate.

The Brooklyn Navy Yard is the mission-driven, not-for-profit that serves as the real estate developer and property manager of the Brooklyn Navy Yard (Yard) on behalf of its owner, the City of New York. Our mission is to preserve quality jobs, grow the city's modern manufacturing sector, and, critically, connect the local community with the economic opportunity and resources of the Yard.

During this testimony I will first discuss our ongoing work in response to the pandemic and will then discuss progress on our Master Plan.

COVID Response

Since March, the Navy Yard and many of its tenants have played a significant role in responding to the COVID-19 pandemic. While this time has been incredibly challenging, it has shown us, and the city at large, the value and impact of the Navy Yard operating model. Our response to the pandemic and ensuing economic downturn can be divided into three areas:

- Our work to help tenants pivot to manufacturing Personal Protective Equipment (PPE),
- Our work with our tenants to help them survive this difficult time, and
- Our continued commitment to the surrounding community.

PPE Production

As many of you know, the Yard became a central hub of PPE production in the early days of the pandemic when the City faced shortages of everything from face shields, to medical gowns and ventilators. The response and ingenuity of our tenants to this crisis was truly inspiring. Not since the Navy closed the facility in 1966 has the importance of local production been so plain for our city.

Very early in the crisis we began working with City Hall, DOH, HHC and EDC to identify critical PPE shortages for which the international supply chains had frozen and that we believed we could manufacture at the Yard.

Ultimately, the Yard became the central hub of the local production efforts, producing nearly **ten million units of PPE** and more than 26,000 gallons of hand sanitizer. What I most want to communicate today is that it was no coincidence that these activities were centered at the Yard. It was a result of our basic operating model and the public and non-profit stewardship of the property over decades that created the environment where this was possible. But it was not just the fact that we have retained manufacturers at the Yard that made this possible. It was the connective tissue -- the social infrastructure -- that BNYDC as a not-for-profit creates that allowed us to so quickly work with our tenants to establish these production lines.

While Yard tenants manufactured PPE across about a dozen products, I will focus on just three today: face shields, medical gowns, and ventilators. Within days of the onset of the pandemic DOH identified these three items as the most critical shortages that local production could help fill.

To take the example of face shields, that product was identified as an immediate need on a Thursday call in mid-March:

- That afternoon the Navy Yard’s security team picked up a sample of the product that DOH needed (from the apartment building of a local doctor) and delivered it to a consortium of tenants we identified as uniquely set up to produce these products.
- By **Saturday**, a prototype of the product was delivered to DOH and by Sunday the design was approved.
- **Monday and Tuesday**, were spent sourcing needed materials and establishing the production lines, and,
- By **Wednesday**, the assembly line was up and running.
- By the end of the week tens of thousands of face shields were being produced daily.

Simultaneously, we were working with EDC to establish a procurement process - and that is an important point: our tenants did what entrepreneurs do best. They identified a problem and immediately got to work. In many cases, it was not until weeks after they started production - and spent their own capital - that the contracts were actually signed.

While more technical in nature, it was a similar story for medical gowns:

- This time, our security team drove four hours upstate to hand deliver a sample of the gowns DOH needed to one of our tenant’s sample makers.
- Within a week, two of our tenants had partnered to cut the required patterns and develop a “tech pack” that lays out the material requirements and other specs for the product.
- A few days later, over half a dozen companies across the Yard had assembly lines running to produce the gowns. **The patterns and “open source” tech pack developed at the Yard were then shared via EDC with producers across the city who used them as the basis for their own production lines.**

Finally, as our hospital systems grappled with the terrifying possibility of widespread ventilator shortages -- a fear that thankfully never fully materialized -- a group of high-tech product design companies based at New Lab (our incubator for such businesses) sprang into action. Working with a manufacturer in Long Island City, they designed and manufactured a ventilator model that



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could be produced in a matter of weeks -- the timeline that the crisis in New York demanded but that could not be matched by the existing supply chain.

Each individual story of a tenant pivoting to PPE production was heartening and played a real role in keeping our nurses, doctors and EMTs safe. But the fact that so much of this activity occurred in our tenant businesses and that they were the first out of the gate was not a surprise. For decades we had been building a community of next-generation manufacturers and providing the means for them to collaborate with each other and the City when the need arose.

Creating this community of manufacturing tenants an environment where they can collaborate certainly is not rocket science. However, it does take real dedication and stewardship over the course of years and decades. The importance of this work is clear to us every day given the diversification of the economy we allow and the thousands of local residents who have access to high-quality accessible jobs at the Yard. However, we believe that the last nine months have been a real public statement about the importance of the Yard for the City as a whole.

Navy Yard Tenant Support

We have also had to ensure that our tenant businesses can get through this extremely difficult period. As a landlord, we worked with every tenant who has identified a financial hardship to defer and abate significant amounts of rent. Our rent deferral and abatement program is, to our knowledge, the most generous in the city among commercial landlords.

In addition to rent flexibility, as part of our model, we also have an in-house Business Services team that provides our tenants with various forms of support to help them scale and grow faster. **Throughout the pandemic, that team has led our efforts to help Yard companies stabilize themselves and cope with the financial challenges of the downturn and has led more than 60 training and technical assistance sessions in recent months.**

Our tenants saw the same problems with the first round of the federal Payroll Protection Program that were well documented in the media. We are only aware of eight tenants who successfully received a PPP loan in the first round. Before the second round was announced, we developed a comprehensive program to ensure our tenants would get loans in the second round. We secured a funding commitment from Goldman Sachs - with their lending partner Pursuit Lending - and developed partnerships with Piedmont and Carver Banks to assist Yard businesses with PPP funding. We also provided additional training and technical assistance as needed to help companies apply successfully. **These partnerships translated into every eligible tenant that we were aware of -- more than 130 in total -- receiving a PPP loan.**

We know that the pandemic hit communities of color the hardest in this City. Acknowledging that reality combined with addressing this summer's nationwide movement regarding social and racial justice reaffirmed our commitment to our minority community, particularly the Yard's black-owned business.



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For the past three months, we have surveyed the needs of MBE companies to help address the systemic barriers minority entrepreneurs face. In response, we launched MBE programming that includes a quarterly small business education series that sets MBE tenants up to move past \$1 million dollars in revenue and grow their workforces. In addition, we have created leadership and networking opportunities with partners like General Assembly and have helped MBE tenants access programs and grants through local partners such as LISC.

Engaging Our Local Community

It goes without saying that our focus on ensuring economic opportunity for our neighbors has become ever more important in the past few months.

In August, we announced plans to develop an equity incubator - a cutting-edge space designed to support Black and Brown entrepreneurs and women-owned businesses in their efforts to create, develop and grow their companies. Through an initial \$2 million investment of capital from the City Council and operating support from SBS, we can now move this project forward. We thank the Council and the Administration for their support to date.

We have also recommitted to the work of our Employment Center, which trains and places local residents into jobs at the Yard. The Center connected a record-breaking 589 people to jobs in FY19, marking a 28 percent increase from FY18. In addition, approximately 90% of hires in FY19 were Brooklyn residents and more than a third (36%) lived in public housing. Approximately a fifth (18%) experienced long-term unemployment and 20% were previously incarcerated or convicted.

Not surprisingly, the focus of our Workforce Development team has changed dramatically during the economic downturn. They have focused on placing local residents into jobs in those companies that are hiring because of their PPE production. Additionally, as our internship numbers dropped during the summer, we developed a new, more intensive, model for an internship-to-employment program with CUNY that we are hoping to expand beyond the Yard.

Master Plan

The Navy Yard has grown dramatically in recent years. Just before COVID set in, we reached 12,000 jobs on site, doubling the roughly 6,000 jobs of seven years ago. Based on projects that we have recently completed, we were projecting to reach 20,000 jobs within the next two years.

Our Master Plan is a bold vision of how to continue this growth by building new, modern manufacturing buildings -- the likes of which have not been built in urban America. This Master Plan, when fully executed, will create an additional 10,000 jobs, bringing us to a total of 30,000.

The first step is to establish a special zoning district for the Yard through a ULURP. The land use changes needed in this ULURP would be comparatively limited, but essential, for our continued growth given that the underlying manufacturing zoning has not changed since the 1960s.



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The major land use actions we plan to request are to limit the amount of parking and loading bays required. Modern manufacturers simply do not require the same amount of truck access compared to traditional manufacturers and warehouse uses that were the norm when the existing M zoning was created. We will also seek use changes to allow us to locate more academic facilities on site. Our goal is to create more spaces like the Brooklyn STEAM Center, the CTE High School we developed and opened last year, as well as CUNY facilities such as Brooklyn College's Feirstein Film School. We believe that these schools and their students benefit enormously from being co-located with related industries and we would like to see more such partnerships.

COVID has slowed down progress on this rezoning, as we halted our work at the beginning of the pandemic due to very real budget concerns. We are now prepared to restart this work and are speaking with the Administration to determine if there is still time to finalize our work, certify and complete the ULURP process under this Administration.

Lastly, as members of the committee may know, we hold quarterly meetings with our elected officials to provide updates on our work - and we have continued to do so throughout the pandemic. It is an opportunity for us to share plans and continue our partnerships that have given us deep roots in our surrounding Brooklyn community. This close relationship with our local elected officials and stakeholders is central to our model and I personally speak with most of them quite regularly.

We understand that Intro 1839 would require the Yard to provide an annual report on its activities and progress on the master plan. We see our quarterly meetings as a more frequent, and frankly more effective way to keep our stakeholders updated. So, while we support the notion of BNYDC keeping our stakeholders fully updated, we do not believe that the bill is needed and that it would, in fact, be counter-productive to our local relationships. As these meetings have proven useful, we would much prefer to continue this model of updating our stakeholders rather than a formal written document.

Thank you once again for the opportunity to discuss the mission and work of the Brooklyn Navy Yard. We welcome any additional questions the Committee may have.