

Effective enforcement of zoning is essential

to community involvement in planning as well as the stabilization of industrial areas. Stability encourages businesses to reinvest and create jobs. Unfortunately, enforcement by the Department of Buildings is undermined by inadequate funding, lax review procedures and infrequent inspections. Illegal conversions have transformed solid industrial areas, driving up real estate costs and forcing out businesses and jobs. The illegal and unplanned increase of residents in industrial areas has also resulted in conflicts over such issues as parking, traffic and noise which often leads to increased complaints and ticketing of legal businesses.

Making Enforcement Effective

Fines are rarely imposed for zoning violations. When they are imposed, they are often so small and infrequent that they are little more than a routine cost of doing business and are seldom collected. To improve enforcement, the City should tighten criteria for evaluating applications for building alterations; repeat fines until violations are corrected; report falsely certified applications; and institute liens against buildings that fail to pay fines, foreclosing against noncompliant owners.

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Making Space for New York's Working Economy

East Williamsburg Industrial Park Threatened by Increased Residential Conversions

The East Williamsburg In-Place Industrial Park (EWIPIP) has experienced a wave of illegal residential conversions in the past few years that is threatening existing businesses and jobs. At least 26 buildings in the industrial park have been illegally converted.



This building inside the East Williamsburg In-Place Industrial Park has been illegally converted to residential use.

Besides taking space away from viable businesses wishing to expand or relocate to the park, residential tenants complain about truck traffic, noise and odors, despite the fact that the existing companies are operating legally. Most of the illegally converted buildings have not been fined.

To date, approximately 500,000 sq. ft. of space in the EWIPIP has been illegally converted.

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Did You Know

Manufacturing ranks third highest in number of employees among New York City's export sectors.

Ninety-six percent of New York City manufacturers are locally-owned small businesses that employ fewer than 100 people.

Zoning For Jobs is a grassroots advocacy campaign to:

- Raise awareness of the important role blue-collar jobs play in the local economy
- Promote new tools that provide space for blue-collar industries to grow

For more information on Zoning For Jobs, contact Jenifer Roth at jroth@nyirn.org.
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A zoning change in an area or the gentrification of a neighborhood can increase the value of industrial real estate by as much as 300%. **Conversion fees recapture some of the value created** when manufacturing space is converted and apply that revenue to relieve the negative impacts of the conversion. The revenue could be used to help displaced companies relocate, to fund development of replacement industrial space and to upgrade the operations of businesses that now must operate in a more residential environment.

Why Conversion Fees are Important

Conversion fees are a type of "impact fee" that are used widely throughout the United States. For example, in many suburban areas a developer of a new residential subdivision or shopping center has to pay for new roads, sewers and other infrastructure made necessary by new development. Conversion and other impact fees help establish the "true cost" of a land use change by ensuring that property owners who benefit from the change bear some of the burden of the change.

to New Jersey but all of our customers are in Manhattan and having to cross the river would have been a barrier to their staying with us." A dedicated revenue stream for this kind of program would help expand assistance to all kinds of manufactures to keep jobs here.

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Printers Relocation Fund

New York City's Printers Relocation Fund is an example of the type of relocation assistance that can be funded by conversion fees. Nicmar

Printing Company in Manhattan is a family-owned, full-service commercial printer that has operated here for 43 years.

In 2002 they were forced out of a space on West 27th Street due to a zoning change.

The Printers Relocation Fund gave them \$70,000 to help with \$300,000 in moving costs.

Steve Marino, president, says, "Without relocation assistance from the Fund, our business would not have been able to stay in New York City."

They were able to move all of their workers to their current location at West 37th Street.

Mr. Marino continues, "We could have moved



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Did You Know

Average relocation costs for a New York City manufacturer are \$45,000.

The majority of New York City manufacturers rent their space and are therefore more vulnerable to real estate pressures.

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The Board of Standards & Appeals (BSA)

has the power to grant exceptions, or "variances," to existing zoning on a building-by-building basis. Over the past few years, the BSA has granted so many zoning variances to convert industrial space to other uses that it has contributed to a city-wide shortage of manufacturing space and transformed entire communities.

Variances are often granted despite documented opposition by residents and business owners in the affected Community Board. Over time, the cumulative effect results in a "de-facto" rezoning of neighborhoods without community input. This accelerates gentrification, fueling tenant displacement and job loss.

Reform of the BSA includes such measures as strengthening the criteria under which a variance may be granted, creating investigative resources for better evaluation of applications and establishing an appeals process.

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**184 Kent Street:
A Large Manufacturing
Building in Williamsburg**

Located in Williamsburg, Brooklyn in the middle of a vibrant industrial area is 184 Kent Street, a six-story industrial building. 184 Kent Street was the subject of a BSA variance in 2000. The current owners bought the industrial building with the intent to convert it to luxury residential lofts.



184 Kent Street in Williamsburg is a six-story industrial building that has been converted to residential use.

In order to convert it to residential use, the owners asked for, and received, a variance to the existing zoning, despite opposition from the local Community Board.

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Did You Know

Unlike zoning changes, BSA variances require no environmental or land use review process.

The BSA's five full-time commissioners are appointed by the Mayor.

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BALANCED MIXED USE ZONES

Many of New York City's most vibrant neighborhoods are a mix of light industry, small stores and residents who often work in nearby factories. **Balanced Mixed Use Zones** would maintain that character through mechanisms that permit some conversion from one use to another but still preserve a balance of uses. They would also include "good neighbor" mechanisms to ensure environmental compatibility over such issues as noise, odor and parking.

How Balanced Mixed Use Zones Differ from Current MX zones. Over the past few years, the City has proposed "MX" zones that are mixed use in name only. MX districts allow residential development without any government approvals or mechanisms to maintain a balance of uses. Housing, retailing and office uses can generally afford to pay higher rents than manufacturing and other industrial uses. Over time, the blue-collar businesses and jobs are pushed out and the mix that originally made the neighborhood attractive will be lost.

Balanced Mixed Use could preserve the mix of uses in a variety of ways, for example, residential conversion of industrial space could be limited to smaller lots or to a percentage of an area's overall uses.

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Hunters Point Printer Can't Compete with Residential Prices

Eric Greenberg, president of Green Mountain Graphics, a 12 person sign manufacturing company, is struggling to stay in New York City. Their signs can be found in Rockefeller Center, the Plaza Hotel and Lincoln Center for the Performing Arts. Nine years ago the company moved from Manhattan to Hunters Point, a Special Zoning District that limits the conversion of manu-



Green Mountain Graphics in Hunters Point makes signs for such clients as Rockefeller Center and the Plaza Hotel.

facturing space to other uses, similar to a Balanced Mixed

Use district. Although Greenberg had been told he could buy his space for a certain amount, the owner doubled the asking price to \$250 per sq. ft.,

far beyond the price for typical manufacturing space and close to residential land prices, after the City began to publicize its plans for MX zoning in his neighborhood.

"There's no way I can pay what a residential tenant could pay. The new MX zoning is a free for all, and manufacturers will suffer for it."

Did You Know

For every local manufacturing job, 1.77 total jobs are created in New York City. There are 245,000 industrial jobs in New York City today.

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Industrial Employment Districts (IEDs)

protect blue-collar jobs by limiting activities in an area to production, distribution, storage and related activities. Residential development would not be allowed. Other appropriate uses, however, may be allowed with a special permit. IEDs are based on similar successful programs in Chicago and Portland. IEDs provide real estate stability, which encourages companies to invest in equipment and add jobs.

How IEDs Differ from Current M-zones.

Today's manufacturing zones allow a variety of uses that have no connection to production and distribution. New York City M-zones allow offices, retail and municipal facilities such as waste transfer stations and power plants. Through a lenient zoning variance process, even housing is allowed.

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Long Island City Company Seeks Stable Space

Penn & Fletcher in Long Island City employs seventeen people who create custom embroidery for architecture, interior design, theater and fashion. Penn & Fletcher was located on West 30th Street in Manhattan for 15 years, but in 2000 they were forced to move due to a zoning change and gentrification. After four years, Penn & Fletcher is still paying for the costly move.



Penn & Fletcher, Inc. in Long Island City does custom embroidery for architecture, interior design, fashion and theater.

Now with a nearby rezoning in Long Island City that will encourage residential development, Ernie Smith, president of Penn & Fletcher, fears they will have to move again. Establishing an IED where Penn & Fletcher is located would allow nearby residential development without setting off speculation. "Knowing this area will remain industrial would allow me to invest in new equipment and hire more people," says Smith.

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Did You Know

New York City companies produce everything from apparel to ethnic foods to musical instruments to bicycles.

Manufacturing pays on average \$10,000 more per year than jobs in restaurants or retailing.

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Not-for-profit Development of industrial property would secure affordable space for production based companies and help preserve diversity of local businesses. Such developments provide the real estate stability that industrial businesses need to invest and grow. With a not-for-profit ownership model, rents are based on operating costs as opposed to speculative pressures in the market, and therefore are kept relatively affordable and stable. Not-for-profit developments could be designed around a particular sector such as food, facilitating equipment sharing and joint marketing efforts. Conversion fees, another Zoning For Jobs strategy, could be used to partially underwrite land acquisition.

Similar Ventures in Housing & Open Space Have Proved Successful. In New York City, the majority of low-income housing is developed by local not-for-profits. However, it has rarely been done for industrial uses. Outside the City, housing and open space land trusts have been widely used to protect land from development and speculation.

Holst, owner of Bear Woodworking, "I probably would have had to move my business out of New York City." Before coming to GMDC, Mr. Holst had been forced to move his business three times in four years.

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Greenpoint Manufacturing & Design Center: A New York City Success Story

The Greenpoint Manufacturing & Design Center (GMDC) is the City's only not-for-profit developer of industrial space. Created in 1992, GMDC renovated a dilapidated 360,000 square foot industrial complex in Greenpoint, Brooklyn. The flagship facility is home to 72 small businesses, primarily woodworking firms, that together employ over 500 area residents. By catering to complementary companies, GMDC is able to offer an environment



Bear Woodworking is one of several manufacturers in the Greenpoint Manufacturing & Design Center in Brooklyn; a vibrant, non-profit industrial complex.

where companies can share equipment and resources. "If it weren't for the affordable and stable space I found at GMDC," says Bruno

"If it weren't for the affordable and stable space I found at GMDC I probably would have had to move my business out of New York City."

Did You Know

According to a study by the Institute for International Economics, a fourth of factory workers who lost jobs from 1979 to 1999 took pay cuts of 25 percent or more when they found new jobs.

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