

Protecting New York’s Threatened Manufacturing Space

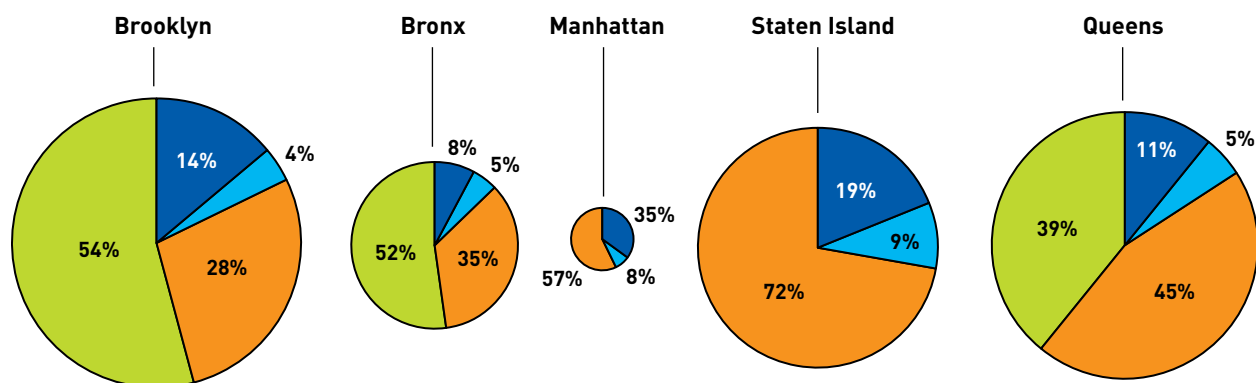
The New York City economy is best known for zipping electrons around the world in the service of financial institutions and media organizations. But New York City also depends on its manufacturers. Businesses that produce goods—everything from baked bread to sets for Broadway shows—employ some 105,000 New Yorkers. After years of losing companies that could produce overseas, what’s left in NYC are businesses that want and need to be here.

Manufacturing jobs are, for the most part, good jobs for working-class New Yorkers—in New York City they pay \$49,000 a year on average, compared with \$34,000 for retail positions. As the cost of shipping goods long distances rises sharply with spikes in the price of oil, the economic sense of making and buying things produced in New York City grows.

But even as the demand for goods produced in New York City remains strong, city government’s own policies are threatening manufacturers’ ability to do business here. When Mayor Bloomberg came into office in 2002, New York City had 12,542 acres of land where manufacturing businesses could legally operate. Today, thanks to zoning changes, it has fewer than 10,746, and another 1,800 acres would be converted to other uses under additional rezonings proposed by the Bloomberg administration. If the planned rezonings go through, New York City will have lost 20 percent of all its manufacturing space in the span of just a few years.

	Brooklyn	Bronx	Manhattan	Staten I.	Queens	NYC
All Available M-zoned Land (Acres)	3,671	1,535	498	3,506	3,333	12,542
Rezoning 2002–’07	502	116	175	649	355	1,797
Proposed Rezoning	151	81	42	313	162	749
Manufacturing Outside IBZs	1,017	533	281	2,544	1,521	5,896
Manufacturing Within IBZs	2,001	805	0	0	1,295	4,100

Available M-zoned land as of 2002 excludes all M-zoned land occupied by permanent transportation and utility infrastructure, M-zoned land that had been converted to non-conforming uses, and M-zoned areas rezoned as mixed-use prior to 2002 (Tribeca, Dumbo, Port Morris).



Of the 95 New York City rezonings from 2003 to 2008, one-quarter converted manufacturing districts into some other category of land use—residential, commercial, or mixed-use zoning. Not one added a single acre of new space for manufacturers. The rapidly shrinking amount of land for industry and manufacturing is making it extremely difficult for companies to find space to make things in New York City. Only about 3 percent of manufacturing-zoned land contains vacant and rentable space.

When industrial land is rezoned, existing businesses may legally remain. But because other uses for the property, such as condominiums, tend to be more lucrative for property owners, rezoning pushes businesses out when their leases expire and landlords decide to convert to other uses. Rezoning of M-zoned land to other uses are for the most part irreversible.

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What's more, just because land is zoned for manufacturing doesn't mean that things are made there. In Brooklyn, manufacturing zones host big box stores like Ikea, Costco and even the Kings Plaza Mall. Hotels, waste transfer stations and office buildings are also permitted in many of these areas. This means that industrial business have to compete with tenants who can often pay far more for space.

New York City's limited stock of industrial land is not just the only home for businesses that make goods; companies that transport, store, fix, refurbish or recycle them must also locate on this dwindling number of acres. Taken together, those businesses employ hundreds of thousands more New Yorkers.

Willets Point's Dilemma

Among those workers are the roughly 1,700 employed by businesses in Willets Point, an industrial zone that the Bloomberg administration is proposing to rezone to accommodate 5,000 units of housing, retail and commercial space, and perhaps a new hotel and convention center. Under the Bloomberg plan, businesses there will not have the option to stay; they will either be bought out by the city or condemned through eminent domain.

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While Willets Point's potholed and often flooded streets don't appear hospitable, businesses there thrive because they depend on proximity to one another. Alongside the House of Spices food plant and other industrial operations are auto repair, parts, and salvage shops that can only legally operate in a manufacturing zone. These are specialized businesses—in everything from auto glass to tires and rims body work to wrecking. If they are to stay in business, they need to move together and resettle in a cluster.

Seeking potential sites for the relocation of Willets Point businesses, the Pratt Center investigated areas where they could legally settle and feasibly do business. They will have few options. If the city's zoning proceeds, many will have to go out of business or leave New York City.

Industrial Zones' Uncertain Future

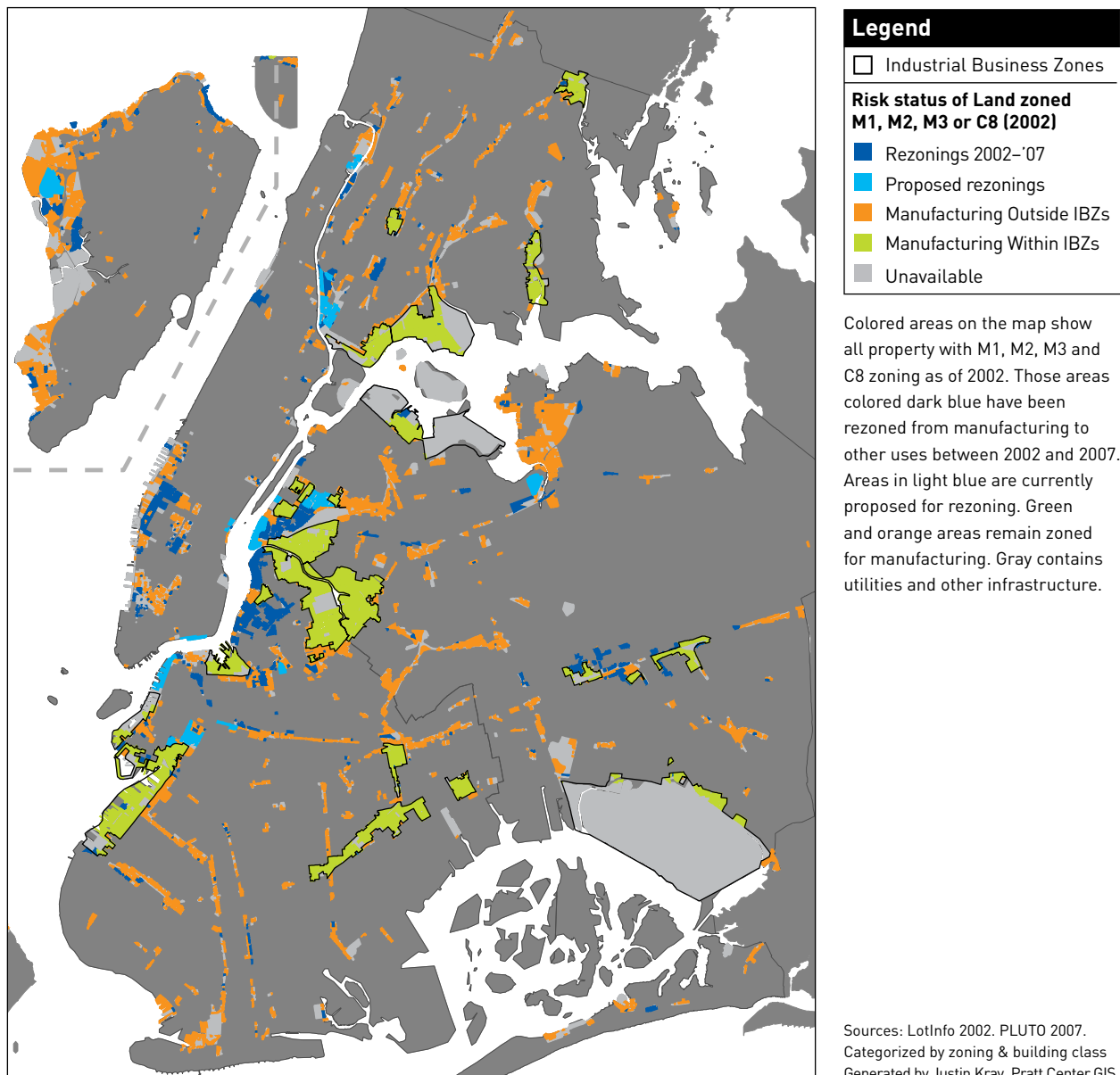
The Bloomberg administration has taken some measures to soften the blow of New York's rapid loss of manufacturing space. In 2005, with the encouragement of businesses and their advocates, Mayor Bloomberg launched a comprehensive industrial policy that included the creation of industrial business zones (IBZs) throughout the city, supported with \$17 million in funding (and up to \$9 million in tax credits) through 2009.

The IBZs are designed to promote investment in industry in designated areas, where residential development is prohibited. The new Office of Industrial and Manufacturing Businesses (OIMB), part of the city's Department of Small Business Services, oversees the IBZs and administers services and incentives that include a relocation tax credit for businesses relocating into an IBZ and grants for employee training and technical assistance. The city

established 16 IBZs, five each in the Bronx and Queens, and six in Brooklyn and Queens. Most IBZs are run in partnership with nonprofit local development corporations, which assist businesses seeking locations, financing, and services.

The Industrial Business Zones are a kind of haven for manufacturing space in New York City because Mayor Bloomberg has promised to keep them zoned for manufacturing and is incentivizing businesses to locate within them. But they include less than half of the city’s remaining manufacturing space—just 4,100 of the city’s 10,746 manufacturing-zoned acres are in designated IBZs. And even within IBZs, manufacturers are at risk because on most of the land, a hotel, big-box retail store, or large office building can be built “as-of-right,” with no rezoning or variance required. What’s more, IBZs have no legal protection from rezoning in the long term; a future administration would have the power to change zoning through the usual land use review process.

Manufacturing Land Dries Up



What Can Be Done?

The Pratt Center is collaborating with the New York Industrial Retention Network and Zoning For Jobs to promote strategies that would safeguard manufacturing space in New York City. Efforts to preserve manufacturing space need to embrace the following principles:

- 1. hotels, big box stores and offices should be prohibited in IBZs or only allowed with a special permit from the city;**
- 2. more of the M-zoned land that is not in IBZs should be so designated;**
- 3. the IBZ protections themselves should be strengthened and made permanent through the creation of Industrial Employment Districts; and**
- 4. the city should declare a moratorium on rezoning M-zoned land until detailed studies are conducted to weigh negative economic impacts and quantify the need for new land uses.**