

Zoning To Kill Manufacturing, and the Assault on Greenpoint

by {ga=tangotti}

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The NYC Department of City Planning (DCP) is on the brink of what could be a great urban planning disaster. It is preparing to rezone huge chunks of industrial land to promote housing development. This could result in a massive displacement of industry on a scale similar to the hundreds of thousands of residents displaced by urban renewal programs of the 1960s. Decades from now planners may wake up and ask how they can get back the 250,000 industrial jobs they lost (see last month's Land Use [column](#) on zoning and industrial retention by Adam Friedman).

Industrial zoning (that is, land within the city's "M" zoning districts) keeps land prices in industrial areas low because property owners can't, for the most part, use their land for housing or other high-rent purposes. This in turn keeps rents low enough for manufacturing and other industries so that they can afford to operate in the city. One of the main reasons the city has lost almost a million manufacturing jobs in the last 50 years is that its small industries can't afford to pay higher rents, and so move to the suburbs. To be sure, industry has declined in most U.S. cities due to global restructuring, but New York City lost proportionately more jobs than the rest of the region. It is in fact one of the biggest losers in the country. As a result, the city has high unemployment and poverty rates.

The Department of City Planning's rezoning campaign began in the early 1990s, when the agency released a study that created a gloomy outlook for industry in the city. The study traced the downward trend of industrial jobs since the early part of the 20th century and, without any analysis of current trends, assumed that the decline would continue. This then became a self-fulfilling prophecy as the agency proceeded to eat away at industry's zoning protections. At the same time, government continued to shower benefits on the finance and real estate sectors. During the Giuliani administration, over \$5 billion in tax incentives were given away to corporate and financial giants while the city had no coherent policy to hold on to manufacturers.

The city planning department's assault on industrial zoning is part of its strategic plan, which calls for the rezoning of "unproductive manufacturing areas" in Greenpoint/Williamsburg, Hudson Square, Morrisania, and Bruckner Boulevard. The first victim of the agency's war on industry was Long Island City, which was rezoned in 2002 to make way for new office and residential development. Industrial zoning was preserved in a portion of the neighborhood, but property owners there will now face the temptation to speculate with their land and hold out for a future conversion to residential uses, when land values shoot up high enough and the political

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climate is ripe, that will wipe out the remnants of industrial zoning. The planning agency is now preparing a second assault on Long Island City.

The agency's crusade against industry got a big boost when Mayor Michael Bloomberg issued his \$5 billion plan to create 65,000 new units of housing. The plan explicitly mentioned utilizing the city's industrially-zoned waterfront land for new housing sites. What the planning agency forgot to tell the mayor is that the majority of the city's vacant industrially-zoned land is in Staten Island, much of the industrially-zoned waterfront is in active industrial use, and many of the vacant waterfront sites are vacant because property owners have been sitting on the land, speculating on the likelihood that the city would rezone it so they could make windfall profits on residential development.

Mixed Use Magic

A few years ago, embarrassed over its partisan anti-industrial policy, the Department of City Planning invented a new weapon. It's called mixed use zoning. While there already existed a number of small zoning districts scattered around the city that allowed limited residential and manufacturing in the same area, the agency created a mechanism that would let it institute mixed use zoning districts anywhere in the city. The new "MX" zoning district permits, under certain conditions, both residential and industrial development side-by-side and in the same building.

The city's Zoning Resolution lists as objectives of MX zoning: to encourage investment, recognize existing mixed use neighborhoods and enhance their vitality, shorten the distance between home and workplace, and promote the "most desirable land use" in accordance with "a well-considered plan." In theory, MX allows industries already in these zones to continue indefinitely. In practice, by introducing and legalizing residential uses, which generally bring higher land prices and rents, MX can force industry out. Conversions of industrial buildings to residential use are allowed, with some restrictions, in MX zones. MX zoning might not be bad for industry if the zoning were to be used as an instrument in a broader policy of protecting industry while encouraging new housing development. Instead, it is being used as a "back-door" rezoning from industrial to residential.

To preserve and develop mixed use communities, zoning should be based on a plan, as the Zoning Resolution states. The plan should identify an array of city policies to preserve and develop industry, including incentives, infrastructure and amenities. It should involve local

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industries and residents in a process where they can work together as partners. This can preserve industry and housing. Zoning alone can't preserve industry - indeed, zoning by itself doesn't guarantee anything - but it certainly can kill industry if there's no plan to save it.

Going After Greenpoint

The planning department's current target for rezoning is Greenpoint in Brooklyn. This mixed industrial-residential neighborhood of some 60,000 people is located along the East River and bordered by Newtown Creek and Long Island City, Queens to the north. Recently agency staff presented a conceptual approach to rezoning in Greenpoint. It includes rezoning several small industrial areas for residential use, several large areas for mixed use, and maintaining a few small areas as exclusively industrial zones. Almost the entire waterfront would be rezoned, most likely for residential development.

But wait, Greenpoint has a plan! Greenpoint residents and businesses collaborated on a community plan that called for maintenance of the mixed use character of the neighborhood and revitalization of the community's waterfront. The plan was recently approved by the City Planning Commission and City Council. The Department of City Planning maintains that the Greenpoint plan provides the context for their proposed rezoning.

The Greenpoint plan proposes maintenance of the mixed use character of the neighborhood. The city planning agency proposes MX zoning as a means to accomplish this goal. The Greenpoint plan proposes public access to the community's industrial waterfront. The agency proposes residential and commercial development on the waterfront which, under the city's waterfront zoning, requires that private owners build and maintain waterfront promenades. (When waterfront zoning was created over a decade ago, the agency purposely declined to require industries to provide public access, thereby creating an incentive for communities to welcome the conversion from industry to residential development.)

But in many ways the Greenpoint Plan is just a cover for the agency's narrow approach based exclusively on zoning changes and nothing else. The Greenpoint plan is a general policy document. It has many good ideas for preserving and revitalizing Greenpoint as a mixed use community. It was the result of years of hard work by community volunteers. The agency fought every attempt to make it a plan that the city would promise to implement through concrete projects and budget allocations. After the agency took over two years to approve the plan, it was promptly filed away by city government.

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At a recent community meeting in Greenpoint, planning staff denied that their rezoning would force any industry to move because of the "grandfather clause." Industries whose land is rezoned for residential use can legally remain forever as long as they don't cease operations for more than two years. But this "right" is worth nothing when landowners are faced with the enticements of converting their property to more profitable residential use. It appears that the agency is more interested in rezoning to encourage residential investment than mixed use communities. Richard Barth, the agency's executive director, told Crain's (May 12, 2003), "There are developers out there anxious for rezoning."

Planning agency staff also claim they would rezone only industrial areas where they found industrial employment had declined. However, Isabel Hill, a former planner for the agency, was quick to challenge the city's use of Department of Labor employment data to analyze job losses, noting that there are many errors when this data is used at such a small scale. Also, slated for rezoning are areas with obvious industrial successes. This includes the Greenpoint Manufacturing and Design Center, an award-winning consortium of small businesses that renovated five industrial buildings in an area the city writes off as declining.

One of the objectives of the Greenpoint plan is to develop new housing that is affordable and consistent with the scale and character of Greenpoint's low- and mid-rise housing. Greenpoint has a large low-income population, many renters receiving some form of public assistance. But rents have doubled over the last five years as gentrification pressures mount. Greenpoint civic groups have proposed that the Department of City Planning's new zoning should mandate or include incentives for low- and moderate-income housing. "Inclusionary zoning" like this is only an option in portions of Manhattan. However, the agency just fought and won a battle against any kind of inclusionary principle in the rezoning of a 110-block area of Park Slope, Brooklyn.

They will do the same in Greenpoint. The agency maintains that only high density, high profit housing on the waterfront will attract developers that are willing to provide waterfront access. To require developers to keep housing units affordable, they believe, won't work. However, these are bold statements offered with no proof. Experienced developers know that with current incentives and programs they can usually make more by building affordable housing. The speculators who have bought up pieces of the Greenpoint waterfront will, of course, continue to resist any efforts by the city or community to tell them what they can do. They want to make a windfall on a rezoning that will multiply the value of their property overnight. The prospect of such a windfall makes the developers shun "normal" development, profitable as it may be.

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Unless the city's housing agency gets deeply involved in planning for the Greenpoint waterfront, we are likely to see rows of high rises there. The neighborhood's population could increase by 50 percent and tens of thousands of working families could be forced out. That is not a scenario consistent with the Greenpoint plan or the objectives of mixed use zoning.

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