



# A 50,000 Job Challenge

Creating Quality Jobs in the New Industrial New York

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## Executive Summary:

Building a more equitable economy and closing the gap in the “tale of two cities” are core objectives of Mayor de Blasio’s economic development policies. A key component of that progressive economic agenda is fostering a vibrant industrial sector for New York City by retaining the city’s existing industrial base and capitalizing on New York’s innovation economy to drive new industrial growth.

New York’s extraordinary concentration of design and engineering talent, the density and diversity of its market, and its highly skilled workforce are creating a tremendous new opportunity for industrial and manufacturing job growth. During the 2013 Campaign, the Mayor’s *Progressive Vision for Industrial Development in New York City* outlined a strategy for seizing this opportunity to create a more equitable economy. This included commitments to help manufacturing firms grow, expand the number of manufacturing jobs, improve zoning laws for industry and manufacturing, upgrade environmental performance, and strengthen the city’s Industrial Business Zones.

***A 50,000 Job Challenge: Creating Quality Jobs in the New Industrial New York*** describes the next steps the city must take to move this strategy forward.

In its plan for affordable housing, the de Blasio Administration has embraced an ambitious policy vision with the measurable and transparent goal of creating or preserving 200,000 units in the next ten

years. The plan explains the policies, programs, City agency responsibilities, and coordination necessary to reach this goal. But no such goal and blueprint currently exist to expand good-paying industrial and manufacturing jobs to support a more equitable economy.

This paper calls on the mayor to implement a plan to ***create 50,000 new quality manufacturing and industrial jobs in the next ten years***, and lays out the comprehensive zoning, financing, and other programmatic steps that will achieve that goal. Setting an ambitious and public goal to achieve the vision of quality jobs is especially necessary for a few reasons. First, economic development promises are often made, but rarely closely aligned with a definitive strategy, or closely monitored for accountability or implementation. Second, the de Blasio housing plan is based on rezonings to add additional residential density, creating a potential tension between the housing plan’s goals and the opportunity to preserve and create quality industrial and manufacturing jobs. There will be constant temptation and pressure to rezone land currently zoned for manufacturing uses to allow for residential uses.

Recognizing the detrimental legacy of the Bloomberg Administration’s actions in this area, this paper calls for a policy of no net-loss of industrial capacity across the city. This allows for some flexibility in certain locations or circumstances where trade-offs are appropriate, but stipulates an overarching strategy that ensures that where choices are necessary, the goal of industrial and manufacturing job creation is protected and advanced. The correct balance of interests, programmatic focus, and coordination of City agencies can be achieved if the Administration has a commitment to a publicly articulated, ambitious quality industrial jobs goal.

The industrial and manufacturing (I&M) sector<sup>1</sup> currently provides approximately 484,303 jobs in New York City, including 75,940 manufacturing jobs<sup>2</sup> accounting for approximately 15% of the city’s private sector employment. These are generally good quality, well-paying jobs that are accessible to a less educated workforce with fewer English language skills. The average annual manufacturing wage is \$51,934 and has kept up with inflation over the last ten years, in contrast to other sectors such as retail and food services.

There are clear and real opportunities to expand this valuable sector. The shifting economics of production and transportation combined with the emergence of new technologies are creating clear opportunities to leverage the wealth of design, research, entrepreneurial, and other innovation resources in the city to grow I&M businesses. Increasingly, small innovative firms that can integrate and respond to

technological and market changes are becoming the new face of urban manufacturing. Many of today’s I&M businesses produce a physical product using new technologies, driven by demand from creative sectors such as design, architecture, technology, and media.

The de Blasio Administration has declared that it is time to “go on the offensive.” Seizing these opportunities requires new policies and programs to grow the sector while preserving existing industrial real estate and jobs to sustain economically and environmentally healthy communities. With these policies and programs in place, the Administration has the opportunity to **provide 530,000 industrial jobs including 100,000 good quality manufacturing jobs for New Yorkers in the next ten years.**<sup>3</sup>

To achieve this vision, the de Blasio Administration will need to take four actions:

- 1 Reinststitute the **Mayor’s Office of Industrial and Manufacturing Businesses** to streamline government operations, and ensure that that citywide policies and services are aligned to support business growth and job creation;
- 2 Strengthen and enforce **Land Use and Zoning Policies** to provide the land stability needed for industrial and manufacturing business growth and investment;
- 3 Improve **Business Services for Manufacturers** to link residents to jobs and to improve the competitiveness and environmental performance of companies;
- 4 Support **Non-Profit Industrial Development** to modernize and manage industrial space.

<sup>1</sup>We define the industrial and manufacturing sector broadly to include manufacturing (NAICS Codes 31 – 33), construction (NAICS Code 23), wholesale trade (NAICS Code 42), transportation and warehousing (NAICS Codes 48 – 49), utilities (NAICS Code 22\*), motion picture and sound production / recording (NAICS Code 512) and waste management (NAICS Code 562). We do not include research and development laboratories in our definition of the I&M sector. Source: NYS Department of Labor, Quarterly Census of Employment and Wages 2012.

\*Utilities data only available for 2010.

<sup>2</sup>Manufacturing includes printing services and the production of apparel, food and beverages, jewelry, computers, electronics and other products. Source: NYS Department of Labor QCEW Data, 2012.

<sup>3</sup>This represents a 9% increase in the sector over 10 years, a “medium” case growth rate based on BLS projections and market trends.

In addition to the immediate action steps in the four areas described in this paper, the de Blasio Administration must also make longer-term investments in a 21st century industrial infrastructure that meets the needs of the I&M sector and surrounding communities to support economically efficient and environmentally sustainable operations. Infrastructure investments will not only improve competitiveness but send an important signal to I&M

companies that New York City is committed to their growth. These longer term governmental investments include the preservation of a working waterfront with appropriate maritime infrastructure, prioritizing resiliency for waterfront areas and removing conditions that put workers and residents at risk, improving transit access to the I&M employment clusters in the boroughs, and investing in cross harbor goods movement infrastructure.

## Four Strategic Priorities to Strengthen and Grow the Industrial and Manufacturing Sectors:

This paper will describe the immediate actions necessary to implement a progressive vision for industrial development that would preserve or create 530,000 industrial jobs. These actions include:

### 1. Reinstitute the Mayor's Office of Industrial and Manufacturing Businesses

The I&M sector has unique needs and requires a powerful advocate within City Hall that is focused on supporting the future growth of the industry. The City should reinstitute a Mayor's Office of Industrial and Manufacturing Businesses, with a direct reporting relationship to the Deputy Mayor and an annual city capital budget. This office should lead the development of the City's I &M policy and oversee the work of the local industrial services providers and non-profit

industrial developers. It should also coordinate the vast array of municipal policies and operations that have an impact on manufacturers' operations, from the planning of truck routes and land uses to ticketing by the Sanitation, Fire, Consumer Affairs and Buildings departments. In addition, this office should be charged with coordinating business development activities for the I&M sector, such as improving digital connectivity in I&M areas, strengthening local supply chains, and promoting and branding the sector.

### 2. Strengthen Land Use and Zoning for Industrial and Manufacturing Jobs

Land use policies play a critical role in sustaining and expanding manufacturing jobs. During the previous Administration, significant areas of manufacturing-zoned land<sup>4</sup> were rezoned for other uses. Real estate brokers, local economic

development organizations and, most importantly, businesses that want to keep and grow jobs in New York City report that there is extremely little industrial space on the market at prices affordable to industrial users.

<sup>4</sup>Manufacturing zoned land (M-zoned land) is one of the City's three basic zoning districts and includes all land zoned for the range of manufacturing and industrial activities within this zoning designation.

Land use stability provides I&M companies with the security they need to grow their businesses, to undertake energy efficiency or sustainability practices, to reinvest in new equipment, to provide job training, and to invest their time in efforts to hire new employees locally. The City can promote the real estate stability that leads to business growth and job creation in a variety of ways, depending on the particular conditions in a neighborhood and the needs of the manufacturers. Given current pressing demand and projected growth in the I&M sector, as well as strong popular support for a more equitable and diverse economy, the City should adopt a policy that seeks to achieve no net loss of I&M space.<sup>5</sup>

To achieve this goal, the City needs to put in place an array of land use policies to stabilize manufacturing land and encourage investment by both tenants and building owners. Because of the extraordinary diversity of both the sector and the city, multiple land use strategies are necessary to create jobs and balance competing demands for space. The most critical new tools include:



- Industrial Employment Districts, a zoning designation which would be mapped in the areas with the largest concentrations of I&M jobs. These would restrict development of hotels, self-storage, large scale retail, offices that are not connected to an industrial use, and other non-industrial uses which can lead to speculation and displacement;
- Balanced Mixed Use Districts, a zoning designation which would be mapped in areas that have a mix of industrial, commercial and/or residential uses and that would include balancing mechanisms to prevent industrial uses from being priced out by higher-paying uses;
- An Industrial Retention and Relocation Fund to support replacement space and aid viable displaced companies; and
- Reform of the Board of Standards and Appeals to reduce the use and impact of zoning variances and special permits that are now often used as a form of “backdoor rezoning” that rewards speculation and accelerates industrial displacement.

<sup>5</sup>Meaning no net loss of M-zoned building square footage.

### 3. Improve Business Services for the Industrial and Manufacturing Sector

Currently, a network of Local Development Corporations (LDCs) and Community-Based Organizations (CBOs) provides critical services to local I&M companies through the Industrial Business Zone (IBZ) Program. They play a vital role in the city's growth and job creation efforts by helping businesses to operate, expand, navigate government bureaucracies, and create jobs that remain in New York City. Their role in job retention includes creating and strengthening pathways to employment for residents, and acting as ombudsmen between industrial businesses and their surrounding residential communities. Funding

for IBZ service providers has been cut over the years, and their financial uncertainty prevents them from initiating projects that fully capitalize on the strengths of their communities. The funding to service providers should be increased to allow them to: expand their services to include industrial real estate development; support sustainable business practices; and development creative strategies to reduce trucking and waste, increase recycling, improve the appearance of their catchment areas, and strengthen the relationship between residents and local businesses.

### 4. Support Non-Profit Industrial Development to Manage and Modernize Industrial Space

Both the Greenpoint Manufacturing and Design Center (GMDC) and the Brooklyn Navy Yard (BNY) Development Corporation have demonstrated the potential contribution of non-profit organizations to address a critical component of the City's economic growth strategy. Non-profit organizations have come to play a major role in the development and preservation of affordable housing, and with support can play a similar role in providing affordable Industrial and Manufacturing space. Organizations such as the East Williamsburg Valley Industrial Development Corporation (EWVIDCO), Cypress

Hills LDC, and Fifth Avenue Committee are engaged in efforts to replicate the non-profit management model but are challenged by their lack of equity or risk capital to finance their initiatives. The de Blasio Administration can help close these gaps and build the capacity of this sector by creating new financing tools for the acquisition and maintenance of industrial properties, incorporating a preference for non-profit developers when the city sells or leases property, and improving the management of its own industrial assets such as the Brooklyn Army Terminal.