

## **Should Zoning Amendments be used to protect NYC Manufacturing Jobs?**

by Saran A. Nurse

With land being one of New York City's finite resources, and with demand outstripping the supply of available land, developers have sought new, non-traditional, spaces for construction. The decline of the city's manufacturing sector, coupled with the relocation of some manufacturing companies to other cities that provide a comparative cost advantage, has presented some development opportunity in light manufacturing (M1) zones. In Brooklyn, Greenpoint and Williamsburg (original M1 zones), are now home to several newly constructed high-priced, high-rise residential, and mixed-use buildings, as well as upscale hotels. While developers have pursued construction in these areas with few constraints, recently, there has been a growing movement for zoning laws to restrict land use in New York City's M1 zones. In 2017, a zoning amendment was passed to require self-storage facilities to obtain a special permit for the creation of spaces. More recently, the city passed another zoning amendment that now also restricts the as-of-rights of hotels to construct in M1 zones.

Community organizers, and proponents of the zoning amendment that requires hotel developers to obtain a special permit, cite the need for preservation of manufacturing businesses, since manufacturing businesses are the providers, and creators, of middle-income jobs. It is argued that competition from developers looking to utilize land for other uses, displaces local businesses, and, in some cases, catalyzes the closure of manufacturing businesses. The result is job loss, not only in the manufacturing sector, but also in ancillary businesses that supply the manufacturing businesses, as well as their workers (e.g. food establishments that workers frequent for lunch). It is also argued that when a manufacturing company is forced to relocate, this increases the commute time, and costs, for the workers, many of whom, live close to their jobs. Furthermore, since the M1 zones are home to middle-income, manufacturing workers, the construction of high-end hotels in these neighborhoods, according to the theory agglomeration, attracts other high price-point businesses that cater to tourists. The neighborhood businesses thus become unaffordable for the original residents. Hotel construction is also more likely to accelerate gentrification, making housing unaffordable for the middle-income residents. In

summary, it is argued that hotel construction in M1 zones could accelerate job loss (and stem job creation), reduce housing and neighborhood affordability, threaten the overall economic well-being of the original residents, and, possibly, reduce tax revenue generation from businesses if companies relocate outside of the city<sup>1</sup> or close altogether.

Following the above argument, the city has attempted to use its zoning power to resolve the aforementioned economic development issues. Zoning is one of the areas in which the city has complete autonomy and policing power. It is also an economic development tool that has very little associated costs (possibly just administrative costs). Thus, if these amendments help the city preserve jobs, and help with the creation of new ones, this approach would be quite prudent. It would achieve a key economic development goal (job preservation and growth) with little financial outlay, and without the requirement of approval from state or federal government. In addition to the new zoning amendments, in its effort to protect manufacturing jobs, the city has utilized its zoning power to create, industrial business zones (IBZs) which are designated areas where the city has pledged not to re-zone land from manufacturing to other uses. The city and state have also provided financial support to non-profits like Evergreen, and community organizations, like the Greater Jamaica Development Corporation, that provide support to the manufacturing sector.

Globalization has resulted in the decline of manufacturing jobs in the United States with businesses relocating operations to places like Mexico and China where labor is cheaper. In the case of New York City, some manufacturing companies have simply moved across the river to New Jersey where operating costs are lower, and cheaper ports and highways are more accessible. According to the New York State Department of Labor, between 1992 and 2017, New York City lost 152,400 manufacturing jobs, and only 72,300 now remain. This brings the sector's employment numbers to the lowest level since the rise of the industrial city. These numbers underscore why many people argue that manufacturing is a dying, or dead, industry in the United States and New York City. The City for an Urban Future has a more sanguine outlook. According to their research, and a publication few years ago, there will be a new wave

---

<sup>1</sup> It could be argued that from the perspective of tax revenues the city could be better off if the sales tax, payroll taxes etc. collected from a hotel erected is greater than that of a manufacturing business displaced.

of modern manufacturing companies creating jobs in New York City<sup>2</sup>. They predict that 3D printing, metal and wood fabrication, and food manufacturing will add jobs to the city's economy. Their report also states that small, entrepreneurial companies that are producing in small batches with quick turnaround times, investing in new technologies, capitalizing on connections to the city's thriving creative. So, even if manufacturing is not completely moribund, manufacturing is taking a new path. Thus, should the city really be taking a wholesale approach to saving manufacturing? And isn't the city doing a disservice to workers by trying to protect jobs that may be obsolete in the long-run? Utilizing zoning to preserve manufacturing jobs amounts to protectionism of a dying or, at best, a changing industry. While place-based interventions like changing the zoning laws, and creating IBZs, may require lower financial investment for the city, it seems that these may be unsustainable solutions. Given the trends in manufacturing, people-based economic development tools like workforce development programs that retrain manufacturing workers is what is needed.

As both this case, and Amazon's failed attempt to occupy Long Island City illustrate, local communities do play a pivotal role in policy changes. In this case in particular, the city's land use process ULURP includes nonbinding input from the community with the city having the final say. And, since zoning issues are within the purview and power of the local municipality, the local community may have greater input, and power, in these types of issues. However, while it is true that the local community may have power, it should also be noted that community needs are not always homogeneous nor is power equally held amongst members. In many urban areas, low-income housing projects are within the same neighborhood and literally only blocks away from high-end condominiums. While the lower-income residents may indeed be the workers in the manufacturing companies and want to be closer to their jobs, for residents of the high-income housing, manufacturing businesses may present environmental concerns, and, a hotel may provide the type of scenery, amenities, and mix of retail stores that they may prefer. Thus, even if the local community does have input, if preferences are not aligned, the community may not be able to organize for collective action, or in many instances, the people with the greater economic power, generally are better heard.

---

<sup>2</sup> <https://nycfuture.org/research/making-it-here-the-future-of-manufacturing-in-new-york-city/P1>

In conclusion, while zoning can be effective, and powerful in some circumstances, local governments should ensure congruency between the issues they seek to resolve and the economic development tools chosen. Creating zoning amendments to protect manufacturing jobs may be an easy solution in the short-run but may not be the sustainable, or appropriate solution.

