



Angel Sanicela constructs elevator parts at Long Island City's Titan Machine Corp., Oct. 28, 2020. | Ben Fractenberg/THE CITY

WORK

# Queens Elevator Company Pushes Button on New Zoning Option in Bid to Keep Manufacturing Jobs in NYC

BY GREG DAVID | NOV 8, 2020, 7:06PM EST



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Returning to New York after fighting in Vietnam, Carlos Escobar went to work for an elevator company and later founded the Titan Machine Corp. to produce elevator equipment in Long Island City.

He ripped the trunk lid off his car to make his early deliveries as his company started in 1973.

Today, his son Carlos E. Escobar is trying to figure out how to save Titan, now located on Ninth Street in the same neighborhood. No longer able to compete with foreign and domestic rivals with lower overhead, Titan has moved from mass producing machines to making custom parts for existing elevators.

The younger Escobar needs money to replace outdated World War II-vintage equipment with new million-dollar computer-controlled machines — and he needs a new facility from which to run the business.

“We are sitting on a piece of property which is valuable and we can use it to finance new equipment,” he said. “We have committed ourselves to the 21 employees that rely on Titan.”

Escobar’s solution is to take advantage of a new option in the city’s zoning code that allows the redevelopment of locations such as Titan’s as commercial properties with office and retail components — as long as significant space is set aside for industrial uses.

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Titan Machine President Carlos Escobar oversees workers in his elevator parts manufacturing shop in Long Island City, Oct. 28, 2020. | Ben Fractenberg/THE CITY

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Developed during a rezoning for a commercial building on Kent Avenue in Brooklyn in 2016, the Industrial Business Incentive Area (IBIA) involves applying for a special permit. It's being used by Titan in Queens and two projects in Brooklyn's Greenpoint: at 103 N. 13th St., where a new seven-story building will contain a mix of light industrial, retail and office space, and 12 Franklin St., where a similar setup is planned.

The Acme Smoked Fish Co. on Wythe Ave. in Williamsburg, meanwhile, is using the same idea of linking the preservation of industrial space to expanding commercial space, but under a different zoning provision.

The efforts of Titan and Acme echo the aspirations behind the ultimately foiled expansion plans for Sunset Park's Industry City, which sought to mix industrial, office and retail. But unlike Industry City, the other projects are much smaller in scale, finding more community support and attracting less opposition.

While the number of industrial jobs that may be saved will be relatively small, business owners see IBIA as one way to boost the city's eroding manufacturing sector.

## **From a Million Jobs to 67,000**

Manufacturing jobs in the city peaked at 1 million after World War II, including 50,000 at the Brooklyn Navy Yard alone.

The number has been in precipitous decline since 1970, with only 67,000 remaining in the city, according to the New York State Department of Labor. Some 3,000 manufacturing jobs disappeared last year and further losses are believed likely because of the pandemic shutdown.

Part of the reason is that manufacturing zoning, put into place in 1961, is outdated for today's industrial companies, according to experts and city planners. The problem is clearly evident in Brooklyn.

“Regulations in many manufacturing districts are very limiting with high parking requirements and low permitted density,” said Howard Slatkin, deputy executive director for Strategic Planning at the Department of City Planning, speaking generally of the issue facing owners of industrial spaces. “Where it's used, it typically gives you pancake buildings next to parking lots.”

City Planning began tackling the issue when developer Toby Moskovitz wanted to build a commercial building at 25 Kent Ave. on a site zoned for manufacturing. The property sat between the booming residential development in Williamsburg and Greenpoint that was sparked by a Bloomberg Administration rezoning.

*‘Regulations in many manufacturing districts are very limiting.’*

The Kent Avenue area was attracting entertainment venues and City Planning sought to preserve industrial space while allowing commercial development.

The City Planning Commission approved the project in July 2016, signaling it would be a pilot for similar efforts. The City Council gave its assent after narrowing the list of acceptable industrial uses. IBIA allows 2.5 square feet of commercial space for every one square foot devoted to manufacturing.

The Kent Avenue building was close to leasing all its space when the pandemic shut down the economy in March, said Jeff Fronek, director of acquisitions for acquisitions for Rubenstein Partners, which is involved in both the Kent Avenue and Acme projects.

In recent months, Fronek has signed several leases, including one with Amazon Music, fueling his optimism that the building will be filled soon.

## **Betting on Staying in the City**

In Queens, Titan has become a partner with RXR Realty in the \$280 million redevelopment of its site, where RXR will build 270,000 square feet of office space and 70,000 square feet of industrial space.

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“We believe in the future of the city and that means looking at areas like Long Island City and Brooklyn,” said Jeffrey Nelson, senior vice president at RXR. “Post-COVID we think there will be opportunities for companies whose employees walk to work and who want to spread out their office space.”

Since Titan cannot relocate twice, it will use the money it receives to find a new site and pay for the move, estimated at \$500,000, and new equipment. Given the uncertainties of the city’s land use process, Escobar cannot zero in on a new location until the plan is assured of approval.

“Our goal is to stay in the five boroughs,” he said. “Close to 60% of our total business comes from the city and nearby areas.”



A look inside in Long Island City's Titan Machine Corp., Oct. 28, 2020. | Ben Fractenberg/THE CITY

The Acme project is different in that it is seeking a rezoning rather than a special permit. Rubenstein will first build a new facility for Acme on the site before beginning development of the commercial space in a nine-story building, at a cost of more than \$500 million.

“The continued success and authenticity of our brand depends on Acme staying in Brooklyn,” said Adam Caslow, co-CEO of Acme. “Manufacturing in Brooklyn has become more expensive and complicated in recent decades, but our proposal for expanding our headquarters with additional commercial uses to offset those costs represents a new approach to growing a business and protecting jobs inside New York City.”

The Brooklyn facility employs 110, with the plant workers unionized. The company has also opened another domestic facility in Wilmington, N.C., where it has hired about 225 employees. Acme didn't respond to a question on the status of those workers, but North Carolina is one of the least unionized states in the country.

## **'They are Crunched'**

The implication is clear to Leah Archibald, the director of Evergreen, a business development corporation for North Brooklyn that has worked with the company for years.

"We know they are crunched and they can expand somewhere else," she said.

The Titan project has entered the land approval process known as ULURP and has earned the backing of the local community board. The Acme project is expected to be certified for ULURP soon. Fronek said he is fielding inquiries from owners of other industrial spaces exploring the use of the new zoning.

A rendering of the proposed Acme Smoked Fish Factory in Greenpoint, Brooklyn. | Gensler

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Navigating the ULURP process is time consuming and costly. Archibald is particularly enthusiastic about the Acme plan because it has an anchor tenant, making the project less speculative. Nevertheless, she thinks the zoning can help others as well.

“We have been supportive of the concept as the best opportunity to retain manufacturing space,” she said.

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