

AFFORDABLE HOUSING

Unintended Consequences: Advocates Concerned State Housing Bill Could Hurt Industrial Business Zones



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Mar 29, 2021 • 4 min read



State lawmakers are considering legislation to increase the city's affordable housing stock, but groups who represent Brooklyn's working waterfront say it could unintentionally cost

the city industrial jobs.

The bill, called the “Housing Our Neighbors with Dignity Act,” looks to allow the state to purchase and acquire distressed commercial real estate, like office buildings and hotels, which it would then sell or transfer to entities that would “guarantee affordable, habitable, and environmentally sustainable housing to asset-limited, low-income individuals and families.”

The proposal was introduced in the State Senate earlier this month by Queens State Senator Michael Gianaris, and comes in the context of a coronavirus-driven shift to remote work that has left many office buildings half-empty as well as a historic drop in tourism that has devastated the hotel industry.

The measure has support from both advocates like VOCAL-NY and the Legal Aid Society, and Assembly Speaker Carl Heastie recently signaled support for the proposal. Governor Andrew Cuomo also put forward a similar idea during his State of the State address in January, though Gianaris has criticized the governor’s proposal as offering insufficient requirements for affordable housing.

But groups that represent the city’s Industrial Business Zones (IBZs) fear the legislation, along with another bill that would permit the conversion of class B hotels to permanent residencies, could prompt residential growth in areas primarily set aside for manufacturing, making them less hospitable for industrial businesses whose jobs they say the city desperately needs.

“We understand the pandemic has been awful for low-income communities and particularly for the homeless,” said Leah Archibald, executive director of the Evergreen Exchange, which supports industrial businesses in North Brooklyn. “We agree it’s necessary to engage in creative solutions to address this crisis. But we’re really concerned about the potential for unintended consequences.”

In the decade preceding the pandemic, hotel development expanded rapidly in the city’s light manufacturing zoning districts (M1 zones), driven in part by rapid growth in tourism

and the relative permissiveness of the M1 zoning framework (some of those hotels have also been used as homeless shelters).

From 2005 to 2015, the city lost about 18% of its industrial space to residential and commercial uses, according to numbers cited by the Southwest Brooklyn Industrial Development Corporation (SBIDC). That loss prompted fears that hotels would crowd out manufacturing businesses, which some elected officials argued offer higher-paying jobs and upward mobility to workers without college degrees.

In late 2018, the City Council controversially approved legislation that required a special permit to build new hotels within M1 districts, which has essentially halted hotel growth in those areas. A similar restriction on self-storage units in Industrial Business Zones was approved earlier that year.

But about 13% of the city's existing hotel rooms are already in M1 districts, and representatives for manufacturing businesses worry those hotels, as well as commercial office spaces, are ripe for residential conversion.

Permitting the conversion of office and hotel space into permanent housing “would have a particularly harmful effect on industrial areas, where the bulk of class B and C office space and hotels of this relatively small size are located,” SBIDC wrote in a template letter that it is encouraging member businesses to send to elected officials.

Given the needs of the city to facilitate an equitable recovery, the letter reads, “any further loss would signal to the market that the city’s Industrial Business Zones are unprotected, open to speculators, and would represent a permanent loss to the stock of industrial real estate and jobs.”

Converting buildings in heavily industrial zones to housing could also pose issues for the residents that eventually move in.

Mitchell Korbey, chair of the Land Use & Zoning Group at Herrick, Feinstein LLP, said that he thought the proposal was broadly “a very good idea,” and believes some areas currently zoned for industry, like the Meatpacking District in Manhattan, would better serve the city if they were rezoned for other uses.

But he also said the city and state need to ensure that any new housing in industrial areas does not pose public health risks, and that residents have access to schools, transit, groceries and other essentials.

“Is it good land use planning to locate residential uses in areas that might have poor access to things people need?” he asked. “There are areas where this kind of policy is completely appropriate. But we ought not to be doing one-off spot-zone conversations without careful thought.”

A representative for Gianaris said that only his bill—which is included in the Senate’s budget proposal—would not impact those businesses “because it does not override the local zoning rules.” Currently, residential uses are prohibited in many, but not all, districts zoned for manufacturing.

But the class B hotel conversion bill, which is sponsored by Manhattan State Senator Brian Kavanagh, permits such conversions to residential housing at any site located “within 800 feet” of any area where residential housing is permitted, “notwithstanding” any local or state law that would prohibit such a conversion.

Kavanagh’s office did not respond to a request for comment. Brooklyn Assemblymember Steven Cymbrowitz, who is carrying the bill in the State Assembly, declined to comment.

Archibald said that Evergreen Exchange and other industrial advocacy organizations, many of which have organized under the Association for Neighborhood Housing and Development’s Industrial Jobs Coalition, are seeking an exemption in the legislation for the city’s 21 IBZs, six of which are in Brooklyn.

The total number of manufacturing jobs in the city plummeted in recent decades before leveling off at around 72,000. But Archibald pointed out that the city’s industrial sector has fared better than several other industries during the pandemic, and said “it would be foolhardy to pass legislation that undermines this tiny little bright spot in the local economy.”

“We believe that helping these manufacturing businesses grow is key to equitable economic recovery.”

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Liena Zagare

Jan 6, 2023 • 8 min read

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