

NEW YORK CITY INDUSTRIAL POLICY

# Protecting and Growing New York City's Industrial Job Base

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CITY OF NEW YORK

**MICHAEL R. BLOOMBERG, MAYOR**

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## I. PREFACE

The Bloomberg Administration's primary economic development goal is to create opportunity for every New Yorker. The strategy to achieve this goal is threefold: make New York City more business-friendly, diversify the economy and improve the quality of life. The City set out to devise a comprehensive policy that supports the industrial sector while adhering to that strategy. While some of the City's existing programs have been successful, their benefits have been limited because the programs largely stood alone. This comprehensive policy coordinates existing programs and adds new, complimentary initiatives that together support industrial employees, companies and the sector as a whole.

## II. EXECUTIVE SUMMARY

### Background

Recognizing the importance of the industrial sector to New York City, Mayor Michael R. Bloomberg and Deputy Mayor for Economic Development and Rebuilding Daniel L. Doctoroff convened a task force (the Task Force) to develop a citywide policy that would support a viable industrial base. The core Task Force included representatives from:

- Department of City Planning (DCP)
- New York City Economic Development Corporation (NYCEDC)
- Department of Small Business Services (SBS)

The Task Force retained a consultant to survey industrial companies about their needs and challenges. This information would help the Task Force make key findings and recommendations. The consultant, the Parthenon Group LLC (Parthenon), held focus groups to identify key sector issues followed by a broader quantitative survey. Parthenon solicited information about operational issues and the overall needs of the City's industrial businesses, including issues of space, access to skilled labor, project financing and as-of-right incentive programs. The Task Force brought the focus group and survey results to roundtables in each borough and invited comments and suggestions.

To help design the implementation plan for specific recommendations, representatives from the following City agencies were added to the Task Force:

- Department of Transportation (DOT)
- Department of Finance (DOF)
- Department of Citywide Administrative Services (DCAS)
- Department of Environmental Protection (DEP)
- Department of Buildings (DOB)
- Department of Sanitation (DSNY)
- Department of Information Technology and Telecommunications (DOITT)
- New York City Police Department (NYPD)
- New York City Fire Department (FDNY)

As the availability of real estate for industrial uses surfaced as a primary concern, Task Force staff visited In-Place Industrial Parks (IPIPs) and other industrial areas to assess indicators of industrial vitality, utilization, investment, presence of nonconforming uses and capacity for additional industrial development.

The research indicates that New York City is at risk of losing viable industrial employers. The following new industrial policy strengthens the City's competitive position by creating a coordinated set of initiatives that will address the greatest risk factors: inadequate industrial space, prohibitive costs and an unfriendly business environment.



1906 garment worker

Photo: The New York Public Library/Art Resource, NY

## Initiatives

A critical goal of this policy is to create best-in-class industrial zones. The City will replace the current In-Place Industrial Parks (IPIPs) with more relevant and effective Industrial Business Zones (IBZs). The IPIP boundaries, most of which were set more than twenty years ago, no longer capture the City's industrial areas. The new IBZ boundaries will reflect areas that can best support vibrant industrial business districts with competitive advantages over industrial districts in other parts of the metropolitan region.

The IBZ's will serve as target areas for several new initiatives:

- 1. The Bloomberg Administration will guarantee not to rezone IBZs to allow residential uses.** The IBZ boundaries will be provided to the Board of Standards and Appeals, and the Board will consider the impact of any proposed variances in the context of the industrial character of these neighborhoods and the effect of any land use changes on surrounding businesses.
- 2. Additional incentives for businesses relocating from within New York City to an IBZ will be created.**
- 3. Area-planning studies for each IBZ will be conducted.**
- 4. IBZs will be marketed to new, expanding or relocating businesses.**

In addition to the “no rezoning” guarantee in IBZs, the City will implement additional initiatives to further safeguard the supply of industrial space by:

- Discouraging illegal conversion of industrial property;
- Leveraging City-owned industrial assets for industrial businesses; and
- Lowering the costs of real estate development and expansion
  - Expand New York City Industrial Development Agency (NYCIDA) assistance for developers of rental space;
  - Enhance Commercial Expansion Program (CEP) for industrial tenants; and
  - Promote existing incentive programs.

Finally, to create a supportive, business-friendly environment, the City will:

- Launch a Commercial Fleet Parking Violations Pilot Program;
- Target NYC Business Solutions to industrial businesses by:
  - Locating new NYC Business Solution Centers in or near IBZs,
  - Retaining dedicated industrial business ombudsmen,
  - Launching an intensive regulation education campaign and
  - Expanding customized training services for industrial workers;
- Create a Dumpster Shed Program;
- Form an Industrial Energy Consumer Coalition; and
- Administer a biannual “Industry NYC” survey.

## Executing the Initiatives

The initiatives outlined above are already underway, and it is anticipated that most of the new programs will be up and running by early 2005. To ensure that the City maintains business-friendly, effective policies, the **Office of Industrial and Manufacturing Businesses** will be established to oversee and coordinate policy implementation across all of the involved agencies. The Office will be led by a Director, who will be responsible for the overall administration of the Office, management of the newly created Industrial and Manufacturing Business Council and coordination of City agencies to deliver the goals of this policy. The Industrial and Manufacturing Business Council, a public/private partnership appointed by the Mayor, will advise the City on industrial policy and foster strategic thinking about the needs and opportunities for the sector. The Council will have up to 15 members representing interests across the industrial spectrum and will include executives from City economic development agencies, representatives from industrial development corporations, business leaders, researchers and academics, and advocates for industry and real estate.

Implementation will lean heavily on a number of City agencies, which must continue and strengthen their existing programs while taking on new responsibilities within their domain.

- SBS will increase business assistance efforts targeted at the industrial sector while administering most of the new programs described above.
- NYCEDC will coordinate its client service, incentive and real estate programs with SBS and provide increased support to facilitate development of industrial space and the physical environment in the IBZs.
- DCP will continue to plan for the efficient and effective use of land for the industrial sector while spearheading IBZ-specific planning efforts.
- Other operating and enforcement agencies will support the strategy by maintaining business-friendly policies and practices, assisting in regulatory education and compliance, and leading targeted initiatives as required.



New Fulton Fish Market

Photo: Crystal Studios Photographers

### III. INTRODUCTION: THE CITY'S INDUSTRIAL SECTOR

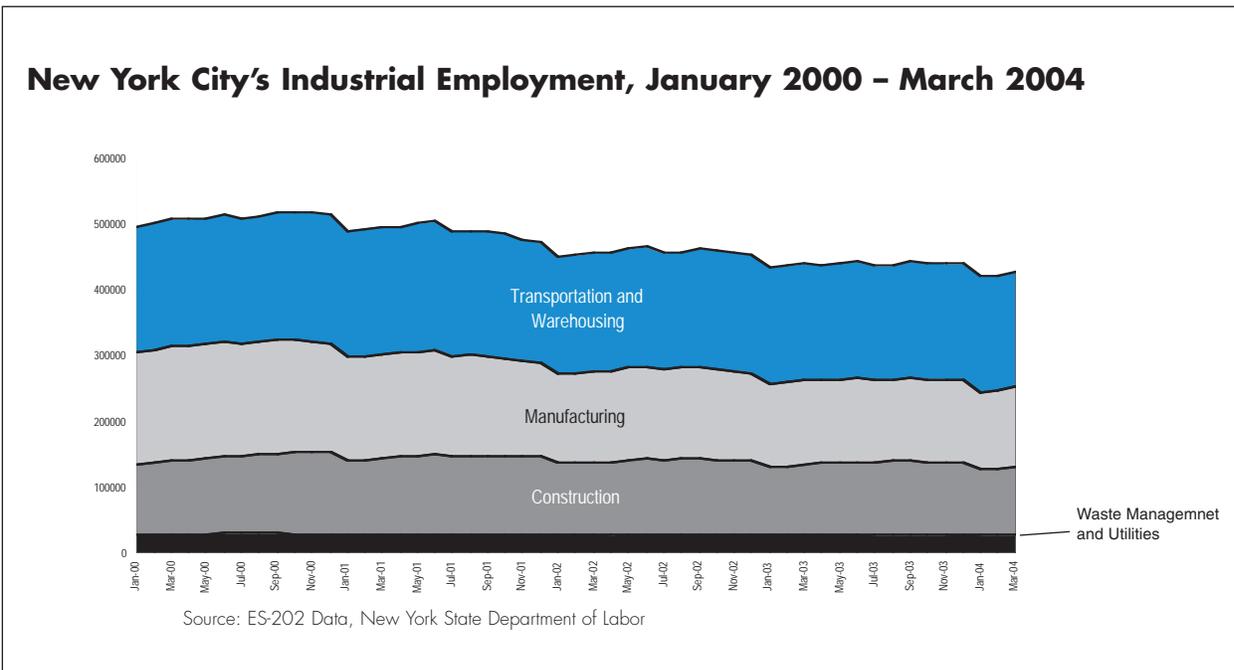
Early industrial activity in the U.S. was concentrated in a few major Northeast port cities which had large labor pools and access to land and water transportation. By 1950, New York City alone had more than two million industrial jobs. Since then, however, many industrial businesses have relocated from the Northeast to the South and overseas.

New York City, like many large cities in the U.S., lost hundreds of thousands of industrial jobs. Labor, land and energy costs put New York City and the Northeast at a cost disadvantage vis-à-vis the South and other parts of the world. Population migration out of the City to the suburbs and other regions accelerated the relocation of industrial businesses. In addition, transportation innovations reduced the need to produce many goods either locally or nationally. Ultimately, New York City's stature as a center of industrial production for the country declined.

In spite of these trends, however, more than 500,000 industrial jobs remain in New York City today – about 15 percent of the City's total employment.<sup>1</sup> These jobs are largely distributed among four major sub-sectors: wholesale trade, manufacturing, construction and transportation/warehousing, and utilities and waste management.

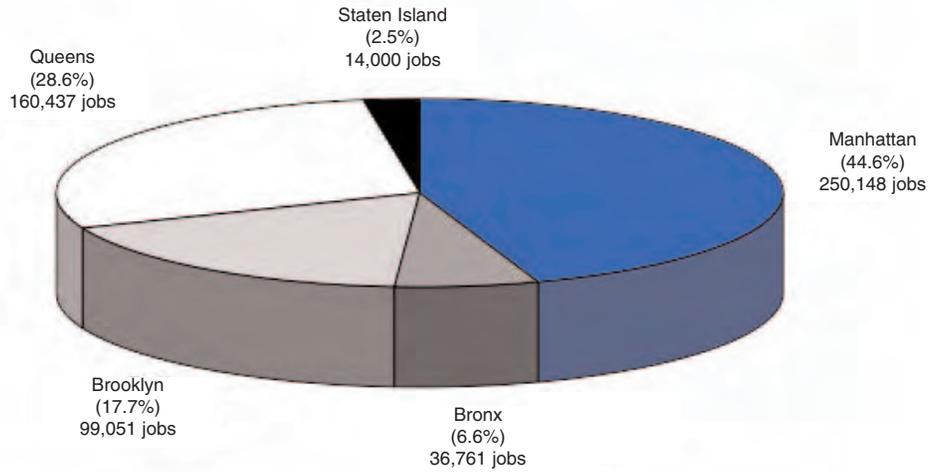
The sector contributes more than \$1.7 billion to the City's coffers in direct tax revenue annually, and new companies continue to enter the market. Slightly more than a third of the industrial companies in New York City have been in business five years or less, a third have been in business six to 20 years and about 25 percent have been in business for more than 20 years.

Today's industrial companies are primarily small businesses and most are renters. Eighty percent of New York City's industrial businesses have fewer than 20 employees and more than 60 percent lease their space. Most companies occupy less than 10,000 square feet (SF) of space. Additionally, the industrial sector is an important employer in all five boroughs. The sector is particularly important in the boroughs outside Manhattan, accounting for more than 20 percent of employment in the Bronx, Brooklyn and Queens.



<sup>1</sup> We define the industrial sector broadly to include manufacturing, construction, wholesale trade, transportation, utilities, waste management, research and development laboratories, and motion picture production. Manufacturing includes printing services and the production of apparel, food and beverages, jewelry, computers, electronics and other products.

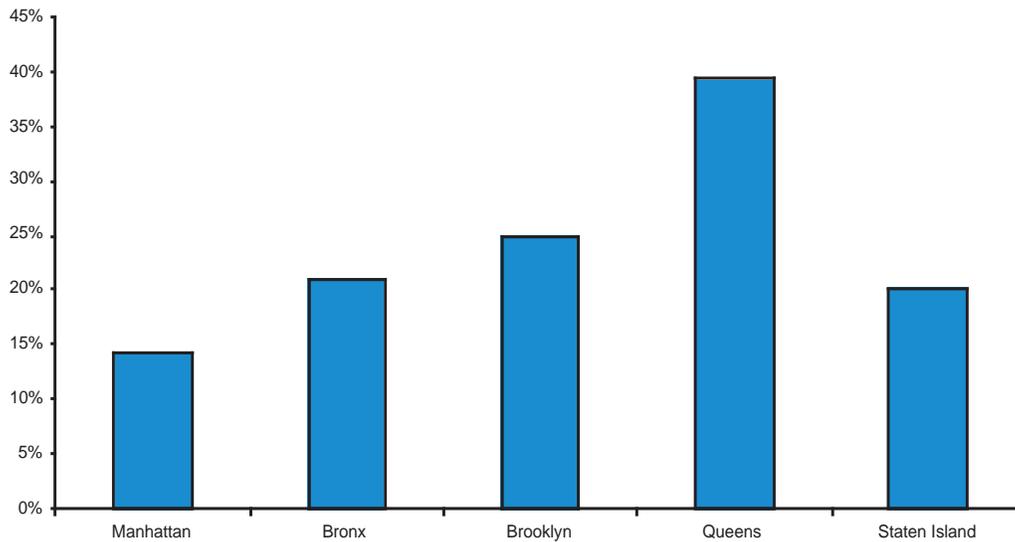
## Geographic distribution of New York City's industrial employment 2004



Source: ES-202 Data, New York State Department of Labor

Manhattan and Queens have the largest number of industrial jobs among the boroughs. Although industry represents a smaller portion of total boroughwide employment, more than 40 percent of the City's industrial jobs are located in Manhattan.

## Industrial Employment as a Percent of Total Boroughwide Employment, Q1 in 2004

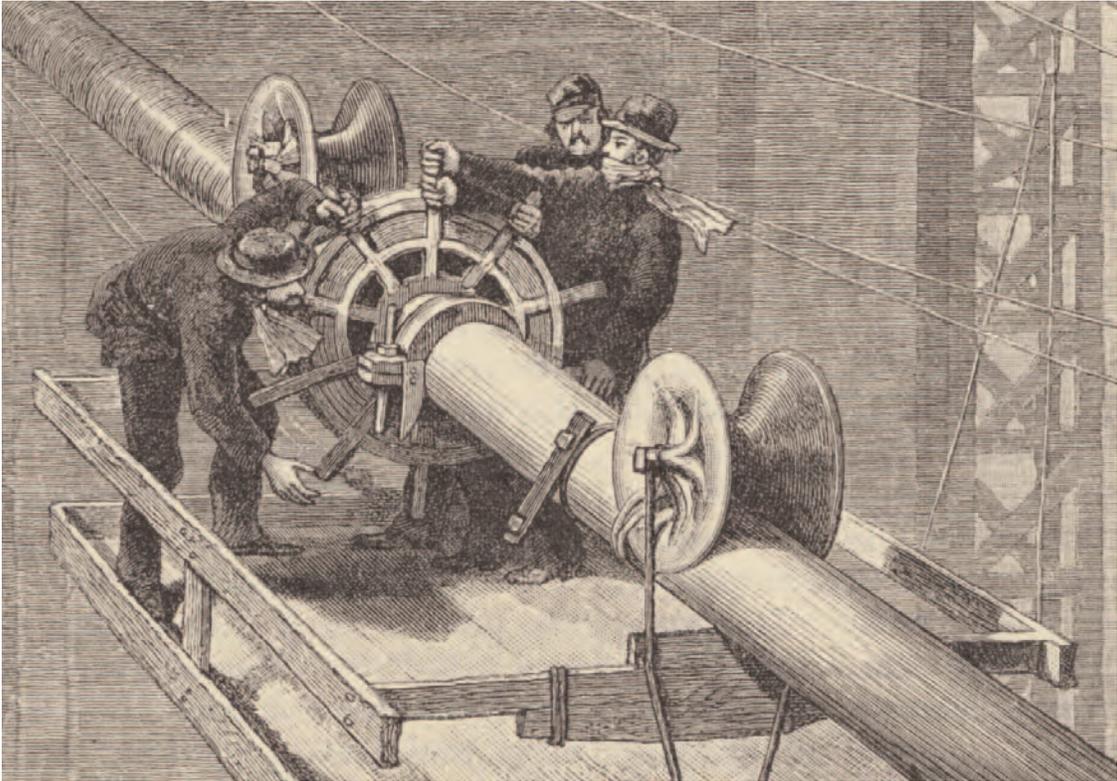


Source: ES-202 Data, New York State Department of Labor

Industrial sub-sector concentrations vary by borough. Manhattan, historically the City's center for manufacturing, has the highest concentration today in wholesale trade, transportation and warehousing jobs. In Queens, the transportation and warehousing sub-sector accounts for over a third of the borough's industrial jobs, reflecting the activity of the City's two airports. Staten Island's relatively few industrial jobs are concentrated in construction, which accounts for almost half of that borough's industrial employment. In the Bronx, wholesale trade and construction are the largest industrial sub-sectors, and manufacturing is the largest industrial sub-sector in Brooklyn.

<b>Distribution of Industrial Jobs by Borough - Q1 2004</b>						
	<b>Bronx</b>	<b>Brooklyn</b>	<b>Manhattan</b>	<b>Queens</b>	<b>Staten Island</b>	<b>NYC</b>
Construction	24.4%	21.2%	11.1%	24.3%	41.4%	18.3%
Manufacturing	23.7%	30.7%	18.3%	20.5%	8.5%	21.3%
Wholesale Trade	25.3%	21.3%	32.1%	14.6%	10.6%	24.2%
Transportation and Warehousing	19.7%	21.1%	32.7%	37.6%	34.4%	31.3%
Waste Management, Remediation Services and Utilities	6.9%	5.6%	5.8%	2.9%	5.2%	5.0%

Source: ES-202 Data, New York State Department of Labor



Wrapping the cables on the Brooklyn Bridge in 1883.

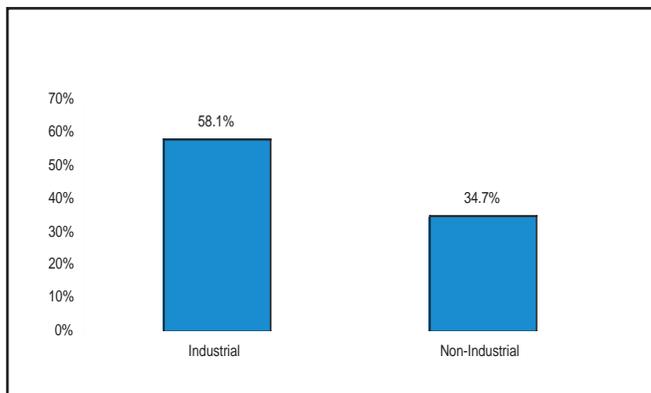
The New York Public Library/Art Resource, NY

## Employment in New York City's industrial sector

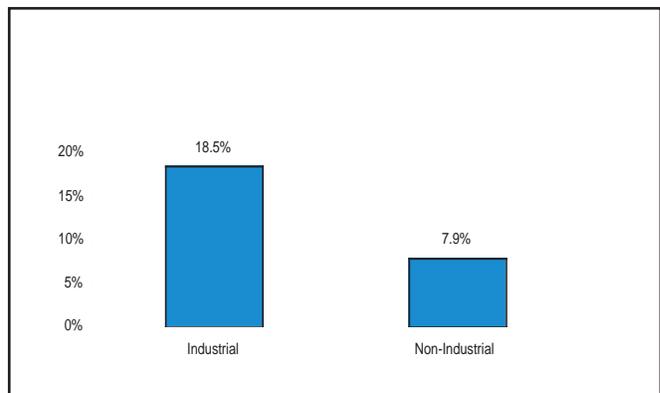
Although most of New York City residents work outside the industrial sector, the sector provides employment to a significant number of residents with lower skill levels. Of City residents with no more than a high school diploma, 30 percent are employed in the industrial sector, accounting for more than 58 percent of sector's employment base. More than 65 percent of the workers in non-industrial sectors have some educational level beyond high school, compared with only about 42 percent of the workers in the industrial sector.

The industrial sector is also an important source of employment for those with limited English proficiency. Of all those employed in the sector, 18.5 percent have limited English proficiency, compared with nearly 8 percent of those employed in the non-industrial sector.

**Employees with High School or Less Education, Industrial and Non-Industrial**



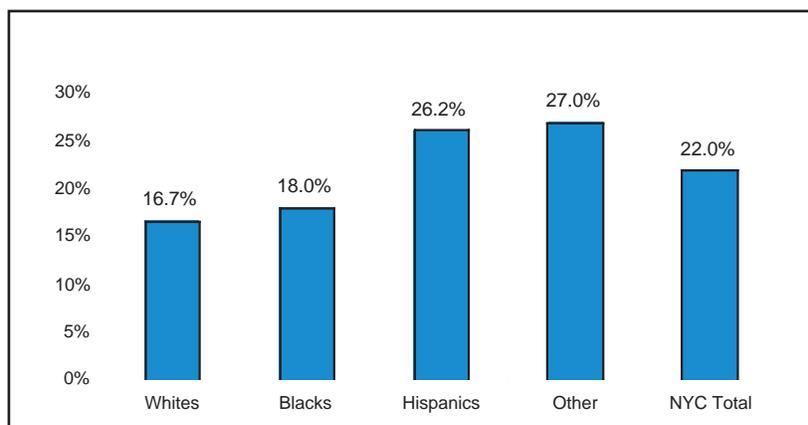
**Employees with Limited English Proficiency, Industrial and Non-Industrial**



Source: U.S. Census Bureau, Census 2000 Sample Data File.

While all major ethnic groups have a large presence in the industrial sector, Hispanic and "other" ethnic identifications (including Asian, American, Indian and Pacific Islander) rely heaviest on industrial sector employment.

**Percent Employed in Industrial Sector by Ethnicity**



Source: U.S. Census Bureau, Census 2000 Sample Data File



New York City - Garment District

Photo: The New York Public Library/Art Resource, NY



Photo: Stephen Derr

## IV. SUMMARY OF THE INDUSTRIAL SECTOR'S NEEDS AND CONCERNS

### A. The Task Force

Mayor Bloomberg and Deputy Mayor Doctoroff convened an economic development task force (the Task Force), including the Department of City Planning (DCP), the New York City Economic Development Corporation (NYCEDC) and the Department of Small Business Services (SBS) to develop a citywide policy that would support a viable industrial base.

NYCEDC, on behalf of the Task Force, issued a Request for Proposals for a consultant to survey New York City's industrial companies. The consultant, the Parthenon Group LLC (Parthenon), examined:

- Operational issues and regulatory concerns;
- Needs of industrial businesses such as:
  - (i) Space — size, location, price, amenities,
  - (ii) Access to skilled labor and related workforce development programs,
  - (iii) Project financing — utilization of programs, fees, eligibility hurdles, and
  - (iv) As-of-right incentive programs — relevance, utilization of programs, eligibility hurdles; and
- Industrial policy best practices in other cities.

Parthenon conducted focus groups among industrial businesses in all five boroughs to identify key issues. Focus group participants included a variety of companies in many sub-sectors: food processing, metal fabrication, printing and publishing, warehousing and distribution, mechanical contracting, medical supplies, glass, woodworking, plastics, apparel, and durable and chemical manufacturing.

A subsequent telephone survey reached about 500 industrial businesses throughout New York City. Participating businesses included those represented in the focus groups, plus additional companies in construction, transportation, communications, utilities, waste management and wholesale trade.

The Task Force then brought the focus group and survey results to roundtables in each borough and invited comments and suggestions. The roundtable participants validated survey findings and elaborated on specific sector and sub-sector needs.

Parthenon's review of the industrial policies and best practices of other cities indicated that New York City's business assistance programs were comprehensive. This finding prompted the Task Force to focus on improving the effectiveness of existing programs to reinforce the City's commitment to the industrial sector.

To help design the implementation plan for specific recommendations, other City agencies, including the Departments of Transportation (DOT), Finance (DOF), Citywide Administrative Services (DCAS), Environmental Protection (DEP), Buildings (DOB), Sanitation (DSNY), Information Technology and Telecommunications (DOITT) and the Police (NYPD) and Fire Departments (FDNY), joined the Task Force.

Finally, Task Force staff visited In-Place Industrial Parks (IPIPs) and other industrial areas to assess indicators of industrial vitality, utilization, investment, presence of nonconforming uses and capacity for additional investment.

### B. Industry Concerns

The survey of about 500 of the City's industrial companies provided important qualitative information about industrial employers and the issues they face. In many respects, New York City is a great location to operate a business. The unparalleled concentration of residents, businesses, economic activity and wealth creates a tremendous end market for the goods and services produced by the industrial sector. As the business capital of the world, the City offers many industrial businesses the unique opportunity to thrive as part of value-chains in sectors such as media, publishing and fashion. Even

the size and diversity of the industrial sector itself is seen as an important advantage for local companies by creating broad supplier networks and fostering strong local clusters. Employers often praise New York City's labor pool for its size and depth of talent.

But challenges remain. Even though New York City is a key market for industrial companies, expanding and relocating within the City is difficult. More than 50 percent of the companies surveyed have near-term expansion plans, but fewer than half of them plan to expand at their current location. Given the reported difficulty companies have in securing new space, the City risks losing these companies. More than 27 percent of the companies surveyed are considering relocating immediately. Of these, many are contemplating moving out of the City but staying within the metropolitan area.

Overall, New York City's industrial businesses are particularly concerned about three challenges facing the sector: 1) space constraints and real estate uncertainty, 2) high costs, and 3) an obstacles to a supportive business environment.

### 1. Space constraints and real estate uncertainty

A concentration of activity in a limited geographic area ensures that space in New York City is at a premium, and the real estate market is extremely competitive. In addition, investment in housing, mixed-use development and revitalization of the waterfront is occurring in some formerly industrial areas. As a result, many industrial businesses are experiencing considerable uncertainty about their ability to maintain or find space. Businesses expressed concern about the prospects of their neighborhood maintaining its predominant industrial character and activity concentration in the long term. They worry that, over time, industrial companies will be forced out by competing residential and commercial uses. The majority of industrial businesses rent their space and many complain about having difficulty securing long-term leases from reluctant landlords. In many cases, landlord reluctance to offer long-term leases can be attributed to speculation on escalating land values and future opportunities to convert space to residential uses. This uncertainty inhibits business investment for future industrial expansion in New York City.



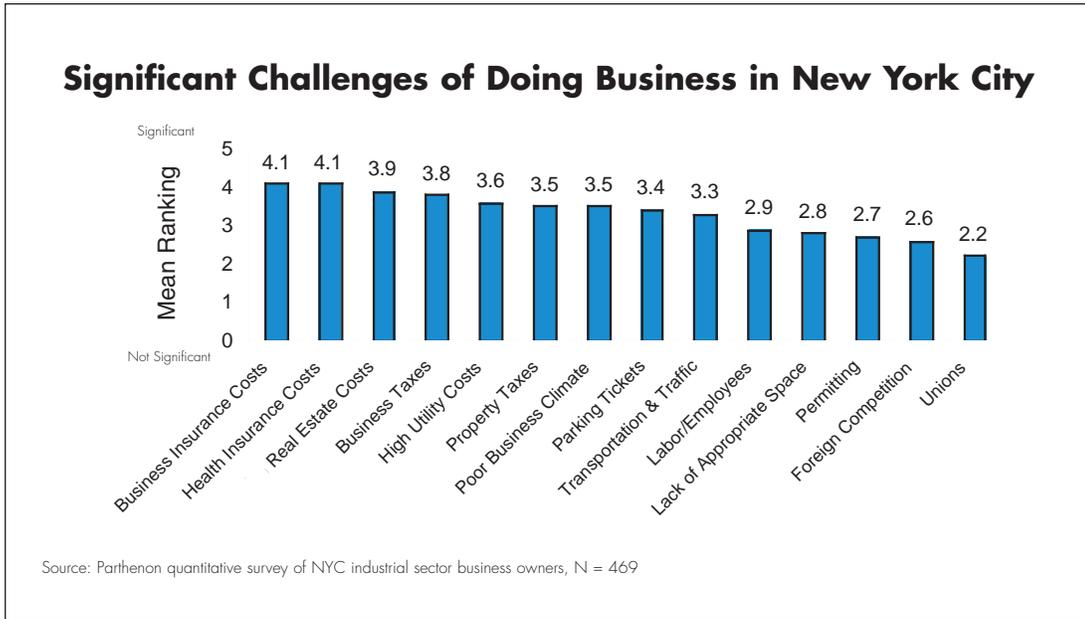
Crystal Windows in Queens

Photo: Jonathan Torgovnik

### 2. High costs

For industrial companies, New York City is a relatively expensive city in which to operate. High costs were consistently mentioned as a challenge by focus groups and survey participants.<sup>2</sup> However, not all costs pose a competitive disadvantage. For example, payroll costs are the largest single cost for industrial businesses surveyed, but employers consider the local workforce a valuable asset and did not cite payroll costs as a concern.

<sup>2</sup>The two costs that industrial businesses reported as being most onerous are general liability insurance and employee health coverage. While neither of these expenses are directly within the City's control, the newly created Office of Industrial and Manufacturing Businesses, described below, will work aggressively with the State and the insurance industry to better understand these costs, particularly cost differences in New York City vis-à-vis other jurisdictions, and to develop meaningful ways to address these factors.



On the other hand, real estate and utility costs are more often seen as a competitive disadvantage. While property owners are insulated from increasing real estate costs, 60 percent of industrial companies are renters and estimate that their rent has doubled over the past five years. Although the City administers incentive programs that specifically address real estate and utility costs, not all of these programs are fully accessed by industrial businesses. For example, an estimated 800 industrial businesses receive discounted electricity charges through the Business Incentive Rate (BIR) program — an energy discount program co-administered by NYCEDC and Con Edison — but fewer than 10 industrial businesses enjoy the real estate tax relief provided by the City's Commercial Expansion Program (CEP) because of current eligibility requirements.<sup>3</sup>

Many industrial businesses complain that real estate relief programs are designed for property owners, not renters. While most programs are available to renters such as the Relocation and Employment Assistance Program (REAP) and the Industrial Commercial Incentive Program (ICIP), eligibility requirements such as minimum required investments in the property make them more attractive to property owners. Similarly, Empire Zone benefits, also available to renters, require either a capital investment or expanded employment.

The administration championed changes to REAP to facilitate access by small companies and renters. In the same fashion, the recommendations that follow include proposals to modify selected incentive programs to better assist industrial businesses.

### 3. Business environment

Industrial companies expressed dissatisfaction with the overall business environment in New York City. Parking tickets, dumpster restrictions, transportation and traffic were consistently cited as ongoing problems. Based on records of violations issued to industrial companies, many businesses appear not to understand City regulations. In addition, many businesses feel that regulation enforcement is inconsistent, with industrial companies being more frequently ticketed than non-industrial ones. Focus groups and interviews showed that these perceptions often translate into the belief that the City lacks respect or appreciation for the sector. The following recommendations include measures that strike a balance to support the industrial sector with minimal impact on the competing interests the regulations are designed to protect.

<sup>3</sup> Existing incentive programs are summarized in the Appendix.

## V. INITIATIVES

In 1980, the City launched the In-Place Industrial Park (IPIP) Program to address the needs of—and extend assistance to—manufacturing and industrial companies. At the time, five geographic areas were designated as IPIPs; three more were added between 1983 and 1990, and a ninth was added in 2003. IPIP boundaries were originally drawn to encompass industrial areas with unsightly vacant lots and property that had been seized by the City for nonpayment of taxes. Over the years, NYCEDC, and most recently, SBS<sup>4</sup>, contracted with locally based organizations to manage IPIPs in order to ensure adequate physical conditions and deliver services to local businesses.

### A. Designate Industrial Business Zones (IBZs)

Since the IPIP program's inception, the intensity of industrial uses has changed within the IPIP boundaries. In addition, other industrial districts were never included in the program. Therefore, this policy envisions new areas — to be known as Industrial Business Zones — that will replace the IPIP designation and better reflect the most productive industrial districts in the City. With enhanced public support, New York City IBZs will foster vibrant industrial business districts that have competitive advantages over industrial districts in other parts of the region. The City will designate IBZs within the following neighborhoods:

- Bathgate
- East New York
- Eastchester
- Flatlands
- Hunts Point
- Jamaica
- JFK Industrial Corridor
- Long Island City
- North Brooklyn
- Port Morris
- Southwest Brooklyn (including Sunset Park and parts of adjacent industrial areas in Red Hook and Gowanus)
- Steinway
- West Maspeth
- Zerega

Specific boundaries of the IBZs will be designated based upon several factors, including 1) existing land uses, 2) the neighborhood's industrial character, 3) no as-of-right zoning for new residential development, 4) traffic patterns, and 5) Empire Zone boundaries. Boundaries will be designated in phases to allow for appropriate field data collection, consultation with stakeholders and completion of planning activities. Current IPIP boundaries will apply until the boundary review process has been completed.

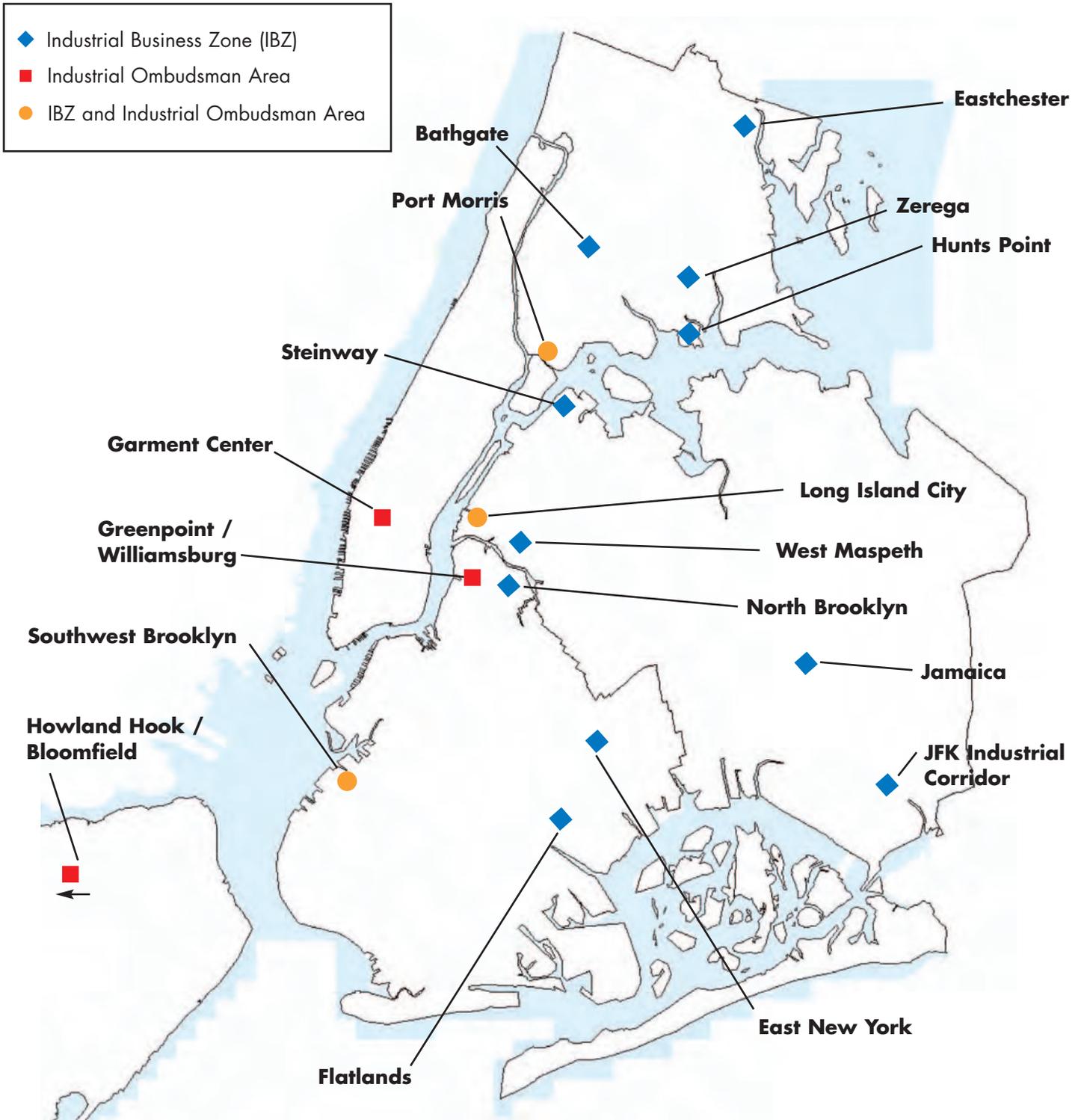
The IBZ's will serve as target areas for several new initiatives:

#### 1. Guarantee not to rezone to allow residential uses

To alleviate land use uncertainty, the Bloomberg Administration will guarantee not to rezone IBZs to allow residential uses. IBZ boundaries will be provided to the Board of Standards and Appeals, which will consider the impact any proposed variances in the context of the industrial character of these neighborhoods and any land use changes would have on surrounding businesses.

<sup>4</sup> SBS assumed administration of the program from NYCEDC in Fiscal Year 2004.

## IBZ and Industrial Ombudsman Area Designations





Shipping Yard at the Marvin Safe Company in 1886

The New York Public Library/Art Resource, NY

## **2. Provide new relocation credit for industrial businesses**

As previously noted, the survey of industrial businesses indicated that more than 27 percent of the businesses surveyed currently have relocation plans and of these, many are contemplating moving out of New York City although staying within the metropolitan area. To assist and retain industrial companies for whom lease renewal or expansion at the current location is not an option, legislative approval will be sought to create a one-time relocation tax credit for industrial companies relocating within New York City to an IBZ or to the Brooklyn Navy Yard. The credit will cover eligible relocation expenses up to a maximum of \$1,000 for each industrial job relocated.

This tax credit is designed to attract and keep industrial companies within the IBZs and the Brooklyn Navy Yard and will help industrial companies recoup relocation expenses if they are not eligible for existing relocation programs such as REAP or the Printers Relocation Fund. The credit is designed as a tax credit to increase program accessibility without adding unnecessary administrative costs and like REAP, it will be administered by DOF.

## **3. Conduct area planning to identify individual IBZ solutions**

The City will conduct area planning studies to identify issues and opportunities specific to each IBZ and produce tailored solutions. Recommendations will vary by IBZ but may include 1) refinement of traffic and parking regulations to improve transportation access for goods and employees; 2) promotion of local industrial sub-sector clusters in an area; 3) IBZ-specific marketing; and 4) identification of high-impact infrastructure. Because of the time required to develop area-specific solutions, these planning efforts will be staggered.

## **4. Market IBZs to new, expanding or relocating businesses**

Marketing materials will highlight the boundaries of each area, sending a strong signal to industrial companies that these neighborhoods are ripe for investment and doing business. NYCEDC will implement a universal IBZ branding campaign as well as IBZ-specific packages to market each area. SBS will identify marketing co-sponsors and along with local development corporations (LDCs), conduct outreach to industrial companies.

## **B. Protect and Stimulate the Supply of Industrial Space**

The policy encourages the availability of affordable real estate for industrial business uses by: 1) guaranteeing not to rezone to allow residential uses in IBZs, as discussed above; 2) discouraging illegal conversion of industrial property; 3) making City-owned land available for industrial use; and 4) lowering the cost of real estate production and maintenance, which in turn will lower costs to tenants.

### **1. Discourage illegal conversion of industrial property**

The City will take strong measures to discourage the illegal destruction of industrial space. Illegal conversions of industrial properties to residential uses have a broad negative impact on the industrial business community because they generate real estate uncertainty and friction between residents and businesses. Illegal conversions also increase the workload and expenses of City agencies that must respond to complaints.

Accordingly, the City is pursuing a four-pronged approach to halt further illegal conversions:

- a) Increase monitoring, identification and inspection of illegal conversions
  - Promote 311 as an “illegal conversion hotline,” encouraging business owners and employees to report illegal or suspicious construction activity for investigation
  - Create a single point of contact within DOB to identify and inspect potential illegal conversions
  - Engage IBZ administrators in monitoring construction activity for possible illegal conversions
  - Utilize agency field staff to report any illegal or suspicious activity to the DOB contact
  - Monitor approvals of Use Group 9 studios to prevent installation of kitchens and second baths
- b) Increase financial penalties for illegal destruction of industrial space (in addition to DOF reassessment at higher values and Department of Housing Preservation and Development disqualification from housing incentives)
  - Increase Environmental Control Board (ECB) penalties for certain conversion-related violations
  - Where applicable, continue to re-assess penalties on the maximum allowed frequency until compliance is demonstrated
- c) Issue stop work and other appropriate violations for illegal activity at construction sites identified to DOB inspectors
- d) Propose legislation creating a new violation with a higher financial penalty for illegal conversion of industrial space in IBZs

### **2. Make City-owned land available for industrial use**

The City provides space for thousands of industrial businesses in properties owned, controlled or sold by the City. In total, the City currently maintains about 13 million SF of industrial space for manufacturing, wholesale and other industrial tenants. The City is also building additional space and is considering new development opportunities. Major City-owned projects and recent investments include the Brooklyn Navy Yard, the Brooklyn Army Terminal and Bush Terminal in Brooklyn and the wholesale food markets in the Bronx. The City continues to explore innovative ways to create and maintain additional industrial space. For example, NYCEDC is working with the Brooklyn Overall Economic Development Corporation on the possible development of a vacant 1.1 million SF building in Sunset Park, Brooklyn, as a mixed-use center containing affordable light manufacturing space.

In addition, NYCEDC will continue to offer City-owned parcels to industrial businesses seeking to build their own facilities through industrial Requests for Proposals (RFPs). In June 2003, NYCEDC issued an RFP for the sale and redevelopment of a number of City-owned vacant industrial sites in Brooklyn and the Bronx. In February 2004, NYCEDC designated eight industrial companies to acquire eight separate sites ranging in size from 7,200 SF to 318,000 SF, representing a total of about 750,000 SF. Roughly 400,000 SF of building space will be constructed and about \$45 million will be invested to develop the sites. In total, 294 industrial jobs will be retained and more than 300 will be created. In August 2004,

NYCEDC released another targeted RFP for seven City-owned industrial sites encompassing about 311,000 SF in Brooklyn and the Bronx. Designations for those sites will be made in early 2005.

### **3. Lower the costs of real estate production and maintenance**

This policy recognizes the need to stimulate the market to provide more rental space because most industrial companies are renters and not all have the interest or ability to become owners. In light of this, the following steps will be taken:

#### **a) Expand New York City Industrial Development Agency (NYCIDA) assistance for developers of rental space**

Since April 1999, NYCIDA has offered developers in Empire and Empowerment Zones mortgage recording and sales tax waivers for the acquisition, construction and/or renovation of industrial space. To date, developers of two industrial facilities for renters have received incentives. Combined, these projects will create more than 600,000 SF of new industrial space (527,000 SF of air cargo space in Queens and 80,000 SF of space for manufacturers in Brooklyn) and retain or create a total of 1,385 tenant jobs.

NYCEDC will seek approval from the NYCIDA Board of Directors to include IBZs within the areas in which developers of industrial space can access tax waivers. The expansion of the benefit area is designed to stimulate the creation and/or renovation of industrial facilities for companies leasing space.

#### **b) Enhance Commercial Expansion Program (CEP) for industrial tenants**

Administered by DOF, CEP provides a real estate tax reduction (up to \$2.50 per square foot) for new, renewal or expansion leases for industrial space in abatement zones, defined as C4, C5, C6, M1, M2 or M3 areas in Manhattan north of 96th Street or in the Bronx, Brooklyn, Queens or Staten Island. Qualifying leases with a term of five years or more are eligible for a five-year tax abatement.

Currently, CEP is only available to tenants in buildings built before January 1, 1999, with an aggregate floor area of 25,000 SF or more. Although a few building owners and consultants have promoted CEP program benefits to tenants, program utilization by industrial tenants is low because many properties are too small to qualify for CEP under current law.

To bolster the industrial rental market, support long-term leases and enable more industrial businesses to obtain CEP benefits, approval will be sought to revise CEP for industrial tenants signing new, renewal or expansion leases in Manhattan's Special Garment Center District and outside Manhattan without regard to building size and age. All industrial companies signing new, renewal or expansion leases in those areas would qualify for CEP, provided that they invest a minimum of \$2.50/SF in improvements to their space. SBS and NYCEDC will market the program to increase awareness and utilization.

Legislative approval will be sought to revise CEP to:

- Expand eligibility for industrial companies outside Manhattan without restriction to building location, size or age, and expand eligibility to industrial companies in the Garment Center;
- Increase industrial benefits by eliminating benefit phase-out, providing constant benefits over the eligibility period; and
- Lengthen the benefit schedule to up to 10 years for longer leases.

### c) Promote Existing Incentive Programs

The industrial survey indicated that not all eligible businesses are aware of available incentives or the eligibility requirements, and of those businesses that are aware, many perceive the programs as too difficult and time-consuming to access. This is demonstrated by the many intermediaries or expeditors who apply for as-of-right incentives on behalf of these businesses.

To promote incentive program awareness and ease accessibility, SBS and NYCEDC are making incentive presentations to businesses and service providers. These agencies, along with DOF, are also creating a uniform application package for incentive programs with streamlined applications and cross-references to other relevant programs. Eight Energy Cost Savings Program (ECSP) applications — one for each possible eligibility route — have been consolidated into one uniform application that is available online at [www.nyc.gov/html/sbs/pdf/ecspapp.pdf](http://www.nyc.gov/html/sbs/pdf/ecspapp.pdf). User-friendly explanations of major incentives, answers to commonly asked questions and an incentives grid with contact information and links to applications have also been added. DOF and SBS are also collaborating on changes to ICIP to simplify and shorten the application and approval process.

## C. Foster a Supportive, Industry-Friendly Environment

### 1. Launch Commercial Fleet Parking Violations Pilot Program

The ability to efficiently deliver products to customers and pick up materials from suppliers is critical to the success of many industrial sector businesses. In areas without designated loading zones, many companies engage in short-term parking that may result in violations. Frequently these violations are either dismissed or reduced because they were received in the course of carrying out legitimate and necessary business operations — specifically, providing expeditious delivery and service. Issuing and adjudicating these tickets is costly for both the City and the affected companies.



College Point Corporate Park

Photo courtesy of New York City Economic Development Corporation

The City is launching a pilot program aimed at reducing the cost and administrative hassle of parking tickets issued to industrial fleet vehicles. The Commercial Fleet Parking Violations Pilot Program establishes reduced rates for violation fines based on the nature of the violation. Rather than adjudicate tickets, a company waives all applicable rights and pays for its violations based upon the reduced rates. The reduced rates are derived using the historical average percentage of violations that are dismissed or reduced within each category. To participate in this program, an eligible company enters into an agreement with DOF that specifies the types of tickets to be automatically dismissed and the stipulated rates for the non-dismissible tickets. As a result, companies no longer need to incur costs associated with adjudicating these violations.

## **2. Target NYC Business Solutions to industrial businesses**

### **a) [Locate new NYC Business Solution Centers in IBZs](#)**

Each IBZ will be served by a NYC Business Solutions Center (BSC) with dedicated counselors for industrial businesses. BSC counselors will have access to all of the training, material and customer service systems that SBS maintains to deliver best-in-class service. The counselors will also help industrial companies access incentives, comply with regulations and take advantage of business opportunities. BSCs will coordinate service delivery from other City agencies such as DSNY, DOT, and NYPD to provide better services. A district manager will coordinate area maintenance in the IBZs, working with the City to ensure that, for example, potholes are filled, graffiti is removed, and streets are cleaned in a timely manner.

SBS currently contracts with locally based organizations to manage IPIPs. With the creation of the new IBZs, it is essential that the City use this opportunity to identify those organizations best capable of maintaining IBZs and providing business services. Consequently, once the IBZ boundaries are finalized, SBS will issue RFPs for management of them.

### **b) [Create the Industrial Ombudsman Program](#)**

Outside IBZs, mixed-use neighborhoods present unique challenges to industrial businesses and their neighbors. The City is committed to supporting businesses in these areas through services provided by the new Industrial Ombudsman Program that will operate out of nearby BSCs.

BSCs near mixed-use districts will provide an “on the ground” ombudsman to assist local businesses as necessary. This individual will:

- Develop strong relationships with the business community to understand, identify and respond to area problems;
- Serve as the first point of contact for questions or issues as they arise;
- Provide direct access to incentive and assistance programs offered by SBS and other City agencies; and
- Help resolve maintenance or regulatory issues.

Initially, ombudsmen will be designated for Manhattan's Garment Center, parts of Greenpoint/Williamsburg, parts of Red Hook and Gowanus near the Southwest Brooklyn IBZ, Long Island City and the mixed-use areas near the Port Morris IBZ. Additional neighborhoods may be added as needed.

### **c) [Launch an intensive regulation education campaign](#)**

Since many industrial businesses are poorly informed about the City regulations that impact their business, the BSCs will lead an education and assistance campaign for industrial companies. The BSCs, in conjunction with other City agencies, will provide easy-to-understand materials on key regulatory issues for industrial businesses. The material will be translated into several languages and made available to businesses throughout the five boroughs. Similar information will be made available via 311 and online at [www.nyc.gov/businesssolutions](http://www.nyc.gov/businesssolutions).

d) [Expand employee recruitment, screening and training services](#)

SBS is responsible for the City's adult workforce development programs and has developed a comprehensive strategy for meeting the workforce needs of industrial businesses. SBS will offer the following services to help industrial businesses reduce labor costs and access funds for employee training:

*Industry Desk Services:* SBS's Industrial and Manufacturing Industry Desk helps businesses find, screen and train qualified new employees, and can assist businesses to advance the skill sets of incumbent workers. The Industry Desk can help lower labor-related costs by reducing the time and energy devoted to identifying qualified workers and can help employers maximize the productivity of existing workers through advanced training opportunities.



Photos courtesy of the New York City Economic Development Corporation

*Supporting Growth through On-Site Initiatives:* SBS maintains on-site programs to support employment growth in industrial areas. Currently, SBS is working with the Hunts Point Economic Development Corporation, local businesses and community organizations to establish a local employment and training center at the relocated Fulton Fish Market at Hunts Point. The center will reduce the cost of recruitment and training for Hunts Point Market businesses and help connect local residents to job openings created by the relocation of the Fish Market and expansions of existing Hunts Point companies. Additionally, SBS is establishing a recruitment outpost at Steiner Studios located at the Brooklyn Navy Yard that will be staffed by a film industry recruitment expert and a community outreach manager. The studio will be the largest production facility east of Los Angeles with a wide range of workforce needs. The outpost will function as a single point of contact between local jobseekers and Steiner Studios employers, streamlining hiring efforts and lowering recruitment and screening costs.

*The New York City Industrial Training Grant Program:* SBS has developed a \$1 million NYC Industrial Training Grant Program to help industrial businesses enhance the skills of new or existing employees. Grants cover up to 50 percent of training costs and SBS will work directly with businesses to design programs tailored to meet their specific needs. Both small and large employers are eligible for grants.

*Technical Assistance with New York State Grant Opportunities:* SBS will provide technical assistance to industrial businesses eligible for the Building Skills in New York State (BUSINYS) and Skilled Manufacturing Resource Training (SMART) grant programs, which allow businesses to train existing employees and modernize production processes. BUSINYS grants provide up to \$100,000 for training incumbent workers in skills that lead to career growth and increased wages. SMART grants provide funding to industrial businesses implementing training geared towards process or productivity improvements. New York State has allocated \$19.3 million statewide to the SMART grant program.

### **3. Create Dumpster Shed Program**

Industrial businesses expressed frustration with regulations regarding the storage of trash receptacles. Space constraints can make it difficult for industrial businesses to store trash receptacles inside their property and leaving them unprotected on the sidewalk leads to unsanitary streets and unclean neighborhoods. As an alternative, DOT offers businesses the option of constructing a shed on the sidewalk to store their dumpsters. However, this program has historically required completing a lengthy, expensive and often burdensome process of design, approval and construction of the shed. Through a number of enhancements, the improved program will significantly lower the costs, streamline the process and reduce the time and burden associated with building a shed. The entire process currently takes about 11 to 13 months. These initiatives are anticipated to reduce that to six to seven months.

SBS, DOT, DCP, DSNY, the Art Commission and NYCEDC will take the following steps so that industrial businesses interested in building a dumpster shed can do so easily:

- Create standardized, low-cost modular designs that will be made available free-of-charge to businesses;
- Reduce fees charged for use of City sidewalks;
- Increase the maximum allowable storage size to better accommodate industrial operations;
- Offer \$500 grants to qualified industrial businesses to support construction costs;
- Simplify the approval process the fullest extent possible under the City Charter; and
- Publish a “how to” kit with clear, easy-to-follow instructions for the process available through NYC Business Solutions Centers, online and 311. BSC staff will be available to walk businesses through the application and approval requirements.

### **4. Form an Industrial Energy Consumer Coalition**

Unlike commercial consumers, New York City's industrial sector is not formally represented in energy regulatory matters before the State and Federal authorities. Industrial energy consumers have unique concerns. They are disproportionately large users of interruptible gas service and on-site generators, use less air conditioning and are more likely to have their own utility accounts than commercial consumers. They may also be less concerned about the reliability of service than other businesses but more concerned about prices. Settlement discussions among regulators, utilities and interest groups should include industrial consumer representatives.

NYCEDC will convene the Industrial Energy Consumer Coalition with a board made up of City industrial business representatives. Other members will include the New York Industrial Retention Network (NYIRN) and the Industrial & Technology Assistance Corporation (ITAC). The Coalition's primary focus will be to represent industrial consumers in regulatory cases; it may hire outside experts to represent the group in these cases. The Coalition will also solicit input from industrial businesses and trade groups, host workshops and produce a newsletter regarding energy issues in New York City specific to the industrial sector. Depending on interest and funding, it may also provide assistance with energy purchasing and similar types of activities.

### **5. Administer Biannual “Industry NYC” Survey**

To better monitor ongoing conditions in the sector and inform future policy, the new Office of Industrial and Manufacturing Businesses (discussed below) will develop and conduct a biannual survey of industrial businesses. The survey will measure awareness, utilization and satisfaction levels with City programs and services, help identify key trends, and reveal the primary challenges facing the sector.

## VI. EXECUTING THE INITIATIVES

Execution of the initiatives outlined above is underway. To ensure that the City maintains business-friendly policies going forward, an Office of Industrial and Manufacturing Businesses will be established at SBS and an external advisory council will be created as described below.

### A. Office of Industrial and Manufacturing Businesses

The Office of Industrial and Manufacturing Businesses (the Office) will be a new initiative responsible for overseeing and coordinating policy implementation and service delivery to industrial and manufacturing business across all involved agencies. While the main operating partner will be SBS, the Office will work closely with NYCEDC, DCP, NYCIDA and the newly formed Industrial and Manufacturing Business Council (described below).



Brooklyn Army Terminal

Photo: Jonathan Torgovnik

The Office will be led by a Director, who will:

- Lead the inter-agency task force to focus on four key functional areas: (1) business attraction, retention and expansion through financing and incentives; (2) business services; (3) district management and infrastructure investment, and (4) industrial workforce development. Agencies that are part of this service delivery system include, but are not limited to: DCP, NYCEDC, SBS, DOF, DOT, DOB and DSNY.
- Maintain a performance scorecard used by senior administrators and policymakers as a day-to-day management tool to gauge service delivery and overall success with respect to manufacturing and industrial business policy.
- Provide boundary recommendations for the IBZs.
- In partnership with NYCEDC and NYCIDA, secure area infrastructure needs analyses in each of the IBZs, and manage these studies on an ongoing basis.
- Chair the Mayor's Industrial and Manufacturing Business Council and leverage the Council's field knowledge and experience to develop policy and deploy resources to address critical issues facing New York City companies.
- On an ongoing basis, re-evaluate the effectiveness of incentive programs designed to attract, retain or expand the investment of manufacturing and industrial companies.
- Make necessary policy recommendations and manage, as needed, the implementation of changes to incentive legislation, marketing and service delivery.

## **B. Industrial and Manufacturing Business Council**

The Industrial and Manufacturing Business Council will be a public/private partnership appointed by the Mayor to advise the administration on industrial policy and foster strategic thinking about the needs and opportunities for the sector. The Council will have up to 15 members representing interests across the industrial spectrum. Members will include representatives from industrial development corporations, business leaders, researchers and academics, and advocates for the industrial and real estate sectors. The Council will generate creative thinking on industrial policy, foster a sustained dialogue about key issues and maintain high-level attention on the sector.

## **C. City Agencies**

Implementation will require the ongoing involvement of a number of agencies, which must continue to strengthen their existing programs while taking on new responsibilities outlined in this policy. These include:

- SBS will increase existing business assistance efforts targeted to the industrial sector while administering most of the new programs described above.
- NYCEDC will coordinate its broad client service, incentive and real estate programs with SBS while providing increased support to facilitate development of industrial space and the physical environment in IBZs. NYCIDA will unveil a new easier-to-use application in early 2005.
- DCP will continue to plan for the efficient and effective use of land for the industrial sector while spearheading IBZ-specific planning efforts.

Other operating and enforcement agencies will support the policy by maintaining business-friendly policies and practices, assisting in regulatory education and compliance, and leading targeted initiatives.

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Brooklyn Economic Development Corporation (BEDC)  
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# VIII. APPENDIX - CURRENT ECONOMIC DEVELOPMENT PROGRAMS

Call 311 or visit [www.nyc.gov](http://www.nyc.gov) for more complete information

## SBS PROGRAMS

### The In-Place Industrial Park Program

The In-Place Industrial Park (IPIP) program is dedicated to industrial sector businesses.

The nine current In-Place Industrial Parks are:

In-Place Industrial Park	Local Administrator
Bathgate Industrial Park	Bathgate Industrial Park Local Development Corporation
Bloomfield Industrial Park	Staten Island Economic Development Corporation
East New York Industrial Park	Local Development Corporation of East New York
East Williamsburg Industrial Park	East Williamsburg Industrial Development Corporation
Hunts Point Industrial Park	Hunts Point Economic Development Corporation
Jamaica Industrial Park	Greater Jamaica Development Corporation
Long Island City Industrial Park	Long Island City Business Development Corporation
Port Morris Industrial Park	South Bronx Overall Economic Development Corporation
Sunset Park Industrial Park	Southwest Brooklyn Industrial Development Corporation

IPIP managers monitor physical conditions within the IPIP and report maintenance issues to the relevant City agency. NYCEDC administers the Area Maintenance Program to provide clearing and fencing of vacant lots, street cleaning, bollard and other barrier installation, fence installation and repair, façade painting, cleaning out and/or sealing up City-owned buildings, landscaping, minor concrete work, sidewalk replacement, clearing of periodic dumping that occurs by the roadside and on vacant lots, and miscellaneous services in response to various emergencies. Maintenance issues are also addressed through Graffiti Free NYC. This program eliminates graffiti from buildings, overpasses and all other structures and provides job opportunities to low- and moderate-income individuals.

IPIP managers also monitor industrial real estate available for sale or lease, and encourage its productive industrial use by helping clients access as-of-right public incentives.



Brooklyn Army Terminal

Jonathan Torgovnik



Photo courtesy of the New York City Economic Development Corporation

## City-owned Industrial Assets

### Brooklyn Navy Yard

The Brooklyn Navy Yard (the Yard) is a 300-acre City-owned industrial park on the site of a former Naval facility. The Yard is home to 220 light industrial, manufacturing, warehouse distribution and maritime industrial small businesses that employ 3,700 people. These tenants are housed in more than 40 buildings containing a total of 3.5 million SF of space under one roof, 97 percent of which is occupied. The Brooklyn Navy Yard Development Corporation, a nonprofit local development corporation that manages the Yard on behalf of the City, plans to add 500,000 SF of additional space for small light industrial businesses. In addition, Steiner Studios, a \$107 million, 280,000 SF, full-service film and television production facility that will include five soundstages totaling 100,000 SF, will open soon and is expected to attract more than 1,000 new jobs to the Yard.

## Empire Zones Program

New York City has ten New York State Empire Zones. Businesses that locate in an Empire Zone and increase their employment or make certain capital investments are eligible for certain State tax benefits and incentives, such as income tax credits, wage tax credits, investment tax credits, real property tax credits and sales tax exemptions. SBS retains a Director for the Empire Zones program who coordinates the work of local zone administrators. The Empire Zones and Zone administrators are:

A total of 1,310 NYC businesses are certified to receive Empire Zone benefits. Eight hundred and thirty-five of these are industrial sector businesses.

<b>Empire Zones</b>	<b>Local Administrators</b>
Bloomfield	Staten Island Economic Development Corporation
East Brooklyn	LDC of East New York
East Harlem	East Harlem Business Capital Corporation
Hunts Point Empire Zone	Hunts Point Economic Development Corporation
North Brooklyn/Brooklyn Navy Yard	East Williamsburg Industrial Development Corporation
North Shore Empire Zone	Staten Island Economic Development Corporation
Port Morris Empire Zone	South Bronx Overall Economic Development Corporation
Rockaway Empire Zone	Rockaway Development & Revitalization Corporation
South Jamaica Empire Zone	Greater Jamaica Development Corporation
Southwest Brooklyn (Sunset Park-Red Hook-Gowanus)	Southwest Brooklyn Industrial Development Corporation

## Energy Cost Savings Program (ECSP)

ECSP reduces energy costs to eligible businesses that relocate to designated areas of the City. The program can reduce the delivery costs of electricity by 45 percent and the delivery costs of natural gas by 35 percent for companies that improve a property or relocate to designated areas of New York City. The reduction is available for 12 years and benefits phase out during years eight through 12.

## Printers Relocation Fund (PRF)

PRF provides financial assistance to eligible commercial printers and graphic arts companies that relocate within New York City. Printers and graphic arts companies are partially reimbursed for out-of-pocket moving costs paid to third party vendors. Eligible companies can receive the lesser of 50 percent of eligible moving costs or \$200,000.

## General Business Assistance Programs

SBS also provides general business assistance through multiple delivery channels including 311, [www.nyc.gov/sbs](http://www.nyc.gov/sbs) and the NYC Business Solutions Centers in Manhattan, Brooklyn and the Bronx or at the business owner's location. Programs include:

- **Procurement Assistance**

The SBS procurement unit works with businesses wishing to sell goods or services to the City, State or Federal government. SBS offers classes, helps companies identify opportunities through electronic bid matching and provides individual counseling.

- **Community Business Assistance**

SBS's Community Business Assistance Program deploys staff "in the field" to help businesses understand and comply with regulations and work to resolve specific issues. Staff logged more than 1,300 client calls during the past year, plus hundreds of additional calls that were handled immediately.

- **NYC Business Solution Centers**

Centers currently operate in the Bronx, Brooklyn and Manhattan with support from a centralized call center. Almost 85 percent of the calls received through the call center are from entrepreneurs or startup businesses and approximately 10 percent are industrial. The most common requests seek information on incentives, financing, real estate, procurement and fines/violations.

### Other State and Federal Programs

NYCEDC and SBS collaborate with New York State and the federal government to help industrial businesses access State and federal incentive programs. In addition to Empire Zones, the State offers export assistance and provides tax credits for capital investment and research and development. Federal Empowerment Zone benefits include wage tax credits, Section 179 deductions and bond financing.

What Kind of Industrial Companies Can Obtain NYCIDA Benefits?	
Company Type	Available Programs
Manufacturers	Manufacturing Facilities Bond Program Small Industry Incentive Program Industrial Incentive Program
Industrial companies including distributors, assemblers and warehouses	Small Industry Incentive Program Industrial Incentive Program
Developers of industrial facilities within designated areas	Industrial Incentive Program for Developers Empowerment Zone Facilities Bond Program
Companies developing commercial or industrial facilities within an Empowerment Zone	Empowerment Zone Facilities Bond Program
Solid waste recycling companies	Exempt Facilities Bond Program
Companies developing transportation and shipping facilities on publicly-owned docks and wharves	Exempt Facilities Bond Program

## **NYCIDA PROGRAMS**

New York City Industrial Development Agency (NYCIDA) programs provide companies with access to tax-exempt bond financing or tax benefits to acquire or create capital assets, such as purchasing real estate, constructing or renovating facilities and acquiring new equipment. Since 1994, NYCIDA has catalyzed more than \$25 billion in private investment throughout the City with the support of staff from the NYCEDC. NYCIDA has helped hundreds of companies and not-for-profit organizations undertake capital expansions and become more competitive by locating within New York City or by expanding their existing operations.

### **Bond Programs:**

- Manufacturing Facilities Bond Program: Manufacturers of tangible personal property acquiring, developing, renovating or equipping facilities for their own use can access triple tax-exempt bond financing and real estate, mortgage recording and sales tax reductions. Borrowings are capped at a federally imposed \$10 million capital expenditure limit. Borrowings under \$2 million may not be cost-effective.
- Exempt Facilities Bond Program: Companies developing facilities on publicly owned docks and wharves or developing solid waste recycling facilities can access triple tax-exempt bond financing. Reductions in mortgage recording and sales taxes may also be available. The cost of the project and the borrower's debt repayment capacity dictate the amount borrowed. Borrowings under \$2 million may not be cost-effective. Transactions for recycling projects are subject to availability of the statewide bond volume cap.
- Empowerment Zone Facilities Bond Program: Developers of commercial, retail facilities and other types of facilities within the areas of Upper Manhattan and the South Bronx designated as the Empowerment Zone can access triple tax-exempt bond financing. Reductions in mortgage recording and sales taxes may also be available. Borrowers must, among other requirements, commit to employ Empowerment Zone residents to be eligible for the program. The cost of the project and the borrower's debt repayment capacity dictate the amount borrowed. Borrowings under \$2 million may not be cost-effective. Transactions are subject to availability of Empowerment Zone bond cap.

### **Incentive Programs:**

- The Small Industry Incentive Program (SIIP) and Industrial Incentive Program (IIP) provide eligible industrial companies with real estate tax reductions, mortgage recording tax waivers and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities. Applicants must demonstrate the ability to pay for their proposed projects either through commitment letters for loans from a commercial lender of their selection or through the availability of company funds.
- Eligible companies include manufacturers, distributors, warehousemen and other industrial

- companies seeking to acquire, construct or renovate facilities for their own use.
- Companies that might qualify for SIIP have revenues of \$5 million or less or 100 employees or fewer. Companies that might qualify for IIP must have revenues exceeding \$5 million and more than 100 employees.
  - Developers of industrial space in designated areas can seek mortgage recording tax waivers and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities.

NYCIDA benefits are discretionary. All applicants must satisfy eligibility requirements and demonstrate need for assistance.

## **NYCEDC PROGRAMS**

### **City-owned Industrial Assets**

#### [Brooklyn Army Terminal and Bush Terminal](#)

Two of the New York City's largest industrial facilities are owned by the City and managed by NYCEDC. The Brooklyn Army Terminal (BAT) and Bush Terminal are located in Brooklyn's Sunset Park. Over the past 20 years, NYCEDC has renovated 3.1 million SF at two BAT buildings and currently leases space to more than 70 businesses that employ more than 3,000 people. The majority of these businesses are industrial, including garment and accessory manufacturers, furniture manufacturers and manufacturers of electronics and other specialty products such as light fixtures, balloons and cell phone accessories. NYCEDC recently renovated nearly 500,000 SF of this space.

The Bush Terminal Industrial Complex has 12 buildings consisting of approximately 1.2 million SF; it houses 43 businesses that provide jobs for approximately 400 people. Tenants include a furniture manufacturer, an assortment of garment and accessory manufacturers, industrial product suppliers, a pool product supplier, several moving and shipping companies, a restaurant supplier and a plastic bag recycler.

#### [Wholesale Markets](#)

In addition to the general-purpose industrial facilities described above, the City also maintains eight grocery distributor and food preparation businesses (collectively, the Wholesale Markets) devoted exclusively to food-based industrial activities. On behalf of the City, NYCEDC serves as lease administrator for the markets, which are situated on approximately 9.4 million SF of industrial land with approximately five million SF of built warehouse space. The Wholesale Markets, which house approximately 275 businesses and employ more than 7,000 people, include the Hunts Point Food Distribution Center (the Meat and Produce Markets), the Bronx Terminal Market, the Brooklyn Terminal Market, the Brooklyn Wholesale Meat Market, the Gansevoort Meat Market and the Fulton Fish Market. NYCEDC is constructing an \$85 million state-of-the-art refrigerated warehouse for the more than 50 wholesale fish businesses that are moving from Lower Manhattan's Fulton Fish Market to the Bronx's Hunts Point Food Distribution Center.

#### [College Point Corporate Park](#)

NYCEDC manages the College Point Corporate Park (CPCP), established under the College Point II Urban Renewal Plan. CPCP requires that all real property disposition instruments contain covenants restricting land use, guiding the design of the land and requiring membership in the Improvement Fund (IF) for CPCP.

## DOF PROGRAMS

Applications for the programs below can be downloaded at: [www.nyc.gov/html/dof/html/exemptions.html](http://www.nyc.gov/html/dof/html/exemptions.html)

### ICIP (Industrial Commercial Incentive Program)

ICIP is a well-utilized program that provides partial exemptions from or abatement of real estate taxes for varying periods of up to 25 years for eligible industrial or commercial buildings that are constructed, modernized, rehabilitated, expanded or otherwise physically improved. A Certificate of Eligibility is issued by DOF for projects meeting the program requirements, including minimum required expenditures.

### REAP (Relocation and Employment Assistance Program)

REAP provides annual tax credits for 12 years (\$3,000 per employee) for eligible businesses that relocate from outside New York City or from Manhattan south of 96th Street to specified locations within the City. REAP is only available where the move-in site is improved by 50 percent of the assessed value or where the tenant spends a minimum of \$25/SF to improve the space.

### CEP (Commercial Expansion Program)

CEP provides a real estate tax reduction for new, renewal or expansion leases for industrial space.<sup>5</sup> The tax abatement is passed through to the tenant as a reduction in rent.<sup>6</sup> Currently, to qualify for an abatement, the premises must be in an abatement zone and in a building constructed before January 1, 1999, with an aggregate floor area of 25,000 SF or more. Abatement zones are C4, C5, C6, M1, M2 or M3 areas in Manhattan north of 96th Street or in the Bronx, Brooklyn, Queens or Staten Island.

The tax abatement in the initial year is equal to the actual real estate tax per square foot, up to \$2.50/SF. The tax abatement in years two and three is equal to the initial tax abatement. The abatement in years four and five is equal to two-thirds and one-third, respectively, of the initial tax abatement. Qualifying leases with a minimum term of three years but less than five years are eligible for a three-year tax abatement. In the initial year, the benefit is equal to the lesser of the actual real estate tax per square foot or \$2.50/SF. In years two and three, the benefit is equal to two-thirds and one-third, respectively, of the first year's tax abatement.

### Gross Receipts Tax Credit

Industrial companies may take a tax credit for amounts paid to their electric, gas and steam utilities for gross receipts and related taxes. These taxes comprise approximately 3.4 percent of a business's electric, gas and steam utility bill. The credit may be applied to corporate or individual tax filers.

### Sales Tax Exemption for Manufacturers

New York City businesses are entitled to an exemption from the 8.25 percent City and State sales tax on purchases of electricity, fuel oil, natural gas and steam used directly and exclusively in the manufacturing, processing or assembling of tangible personal property for sale.

### Reclaiming Sales Taxes Previously Paid

Manufacturers that have paid taxes on energy purchases are eligible to apply for a rebate of overpaid taxes. The business must file an "Application for Credit or Refund of Sales or Use Tax" (AU-11) with the New York State Department of Taxation and Finance. Refunds are available for taxes paid within the last three years.

<sup>5</sup>CEP also applies to commercial office space but excludes retail, hotel, or residential uses.

<sup>6</sup>Leases must commence between July 1, 2000 and June 30, 2007; minimum improvements to the premises are required, varying by the length of the lease and number of employees that will be located at the premises.

