

CROWN HEIGHTS NORTH M1 ZONE STUDY

'Interim Findings' Update for
Community Board 8 'M-Crown' Subcommittee

April 26, 2017



CB8 M-Crown Proposal Goals

- Create living wage jobs and provide services residents desire: commercial and/or manufacturing uses
- Provide affordable housing

- Overview – Zoning Approach/Suggestions
- Existing Conditions & Economic Context
- Study Area Opportunities and Constraints
- Zoning Approach Considerations
- Goals and Potential Outcomes

Suggestions to achieve proposal goals:

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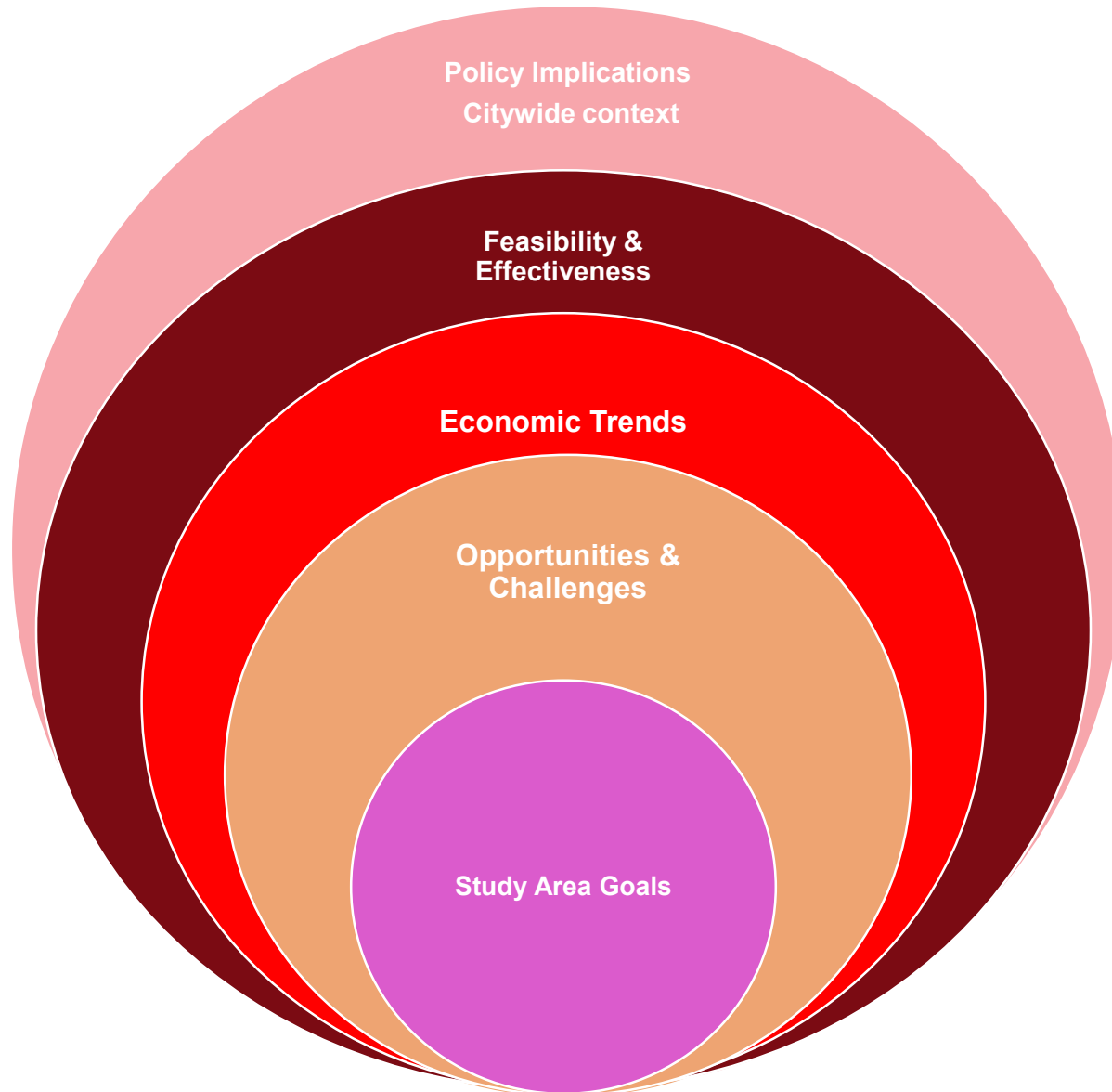
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Zoning Approach Considerations





Creation of new Zoning Tools

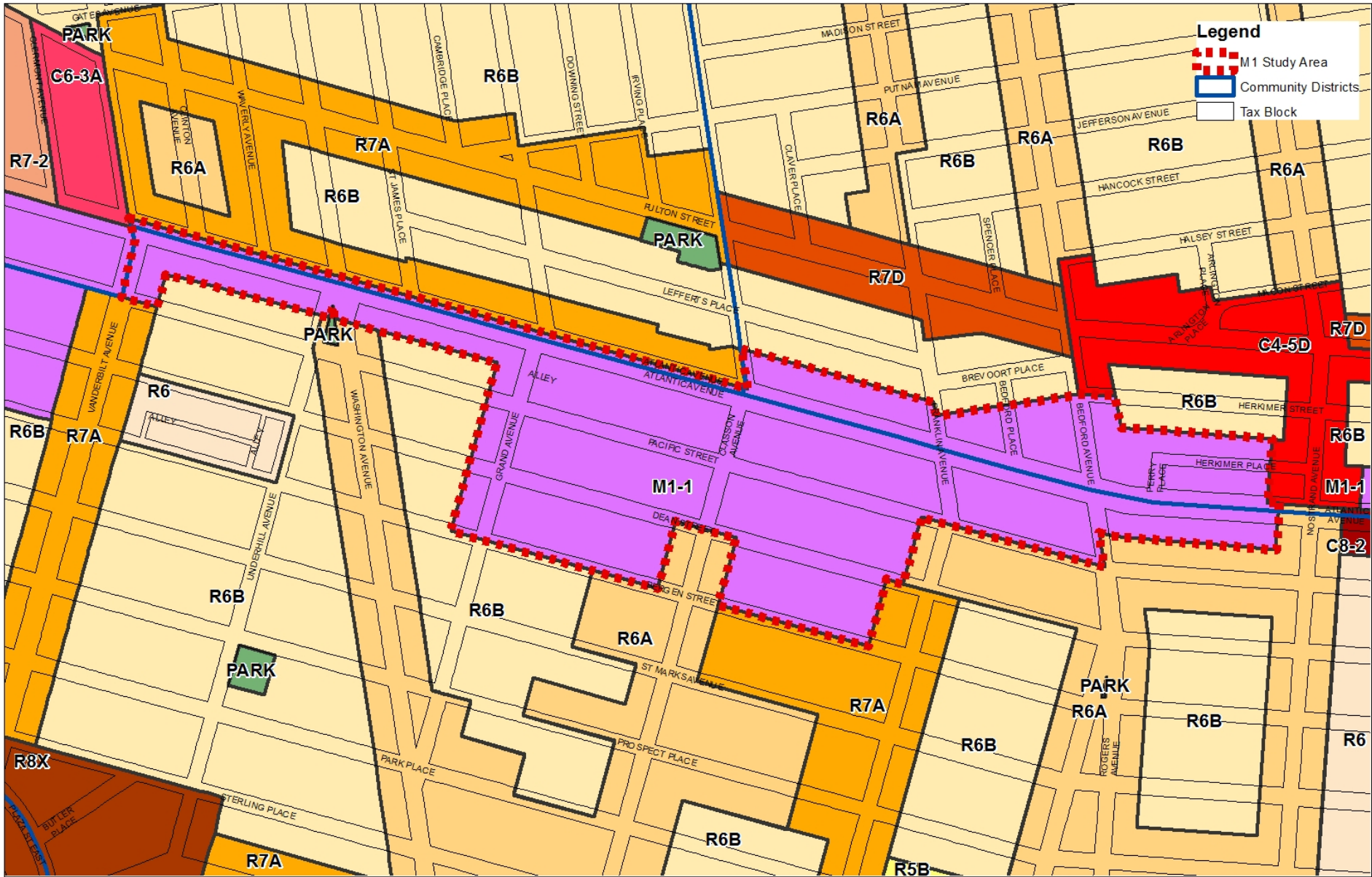
- More time consuming and more complex process
- DCP must analyze policy implications, feasibility, and effectiveness
- Must align with city-wide efforts

Creative use of existing Zoning Tools + new Zoning Tools


- More straightforward ways of meeting goals
- Less time consuming

- Overview
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Zoning Map



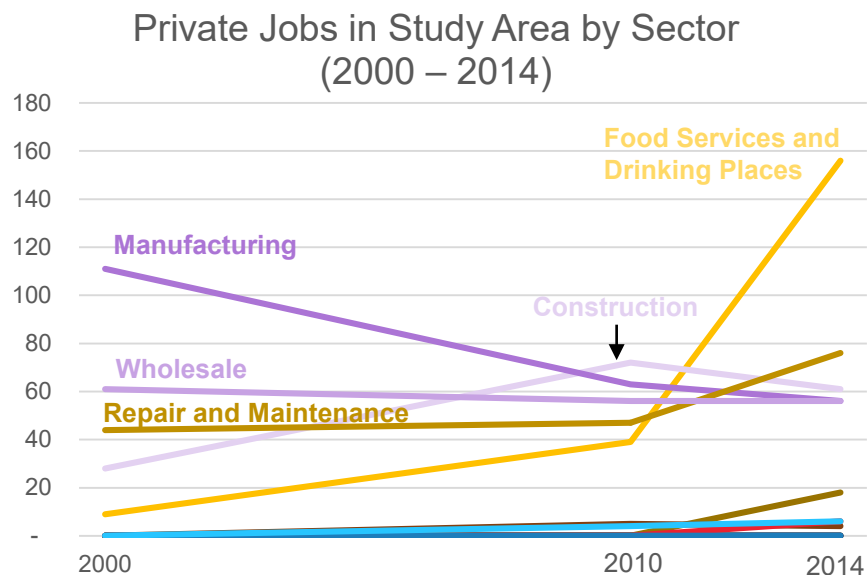
Legend

-  M1 Study Area
-  Community Districts
-  Tax Block

Study Area Employment Trends

In parallel with citywide and Brooklyn trends, professional services and accommodation/food services are driving local job growth.

Total Jobs: 584



Increasing:

- **Food services and drinking places (156)**
- **Repair and Maintenance (76)**
- **Office*** (*office/coworking space is growing, but jobs likely to be not/undercounted in data*)

Stable:

- **Wholesale (56)**

Decreasing:

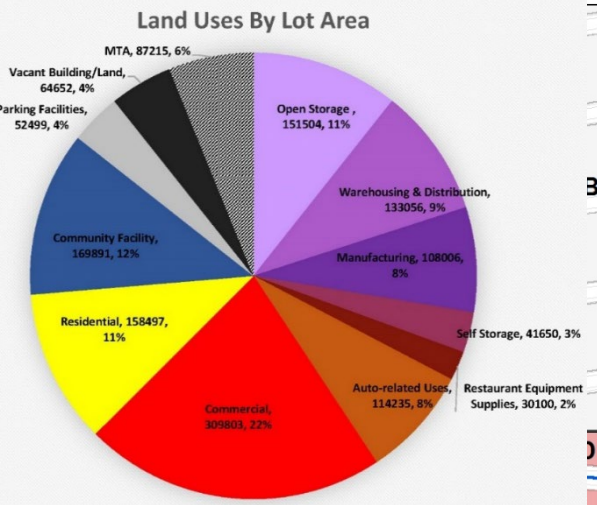
- **Construction (61)**
- **Manufacturing (46/99**)**

*Self-employed, contractors, and coworking space office workers may not be counted in DOL data.

** 53 jobs from GMDC(non-profit) got added after 2014

Study Area Land Use Reflects Employment Trends

Major Uses in terms of Lot Area
22-25% Commercial
10-12% Open Storage, Residential, CF
8-9% Auto-related, Wholesale, WH, Manufacturing

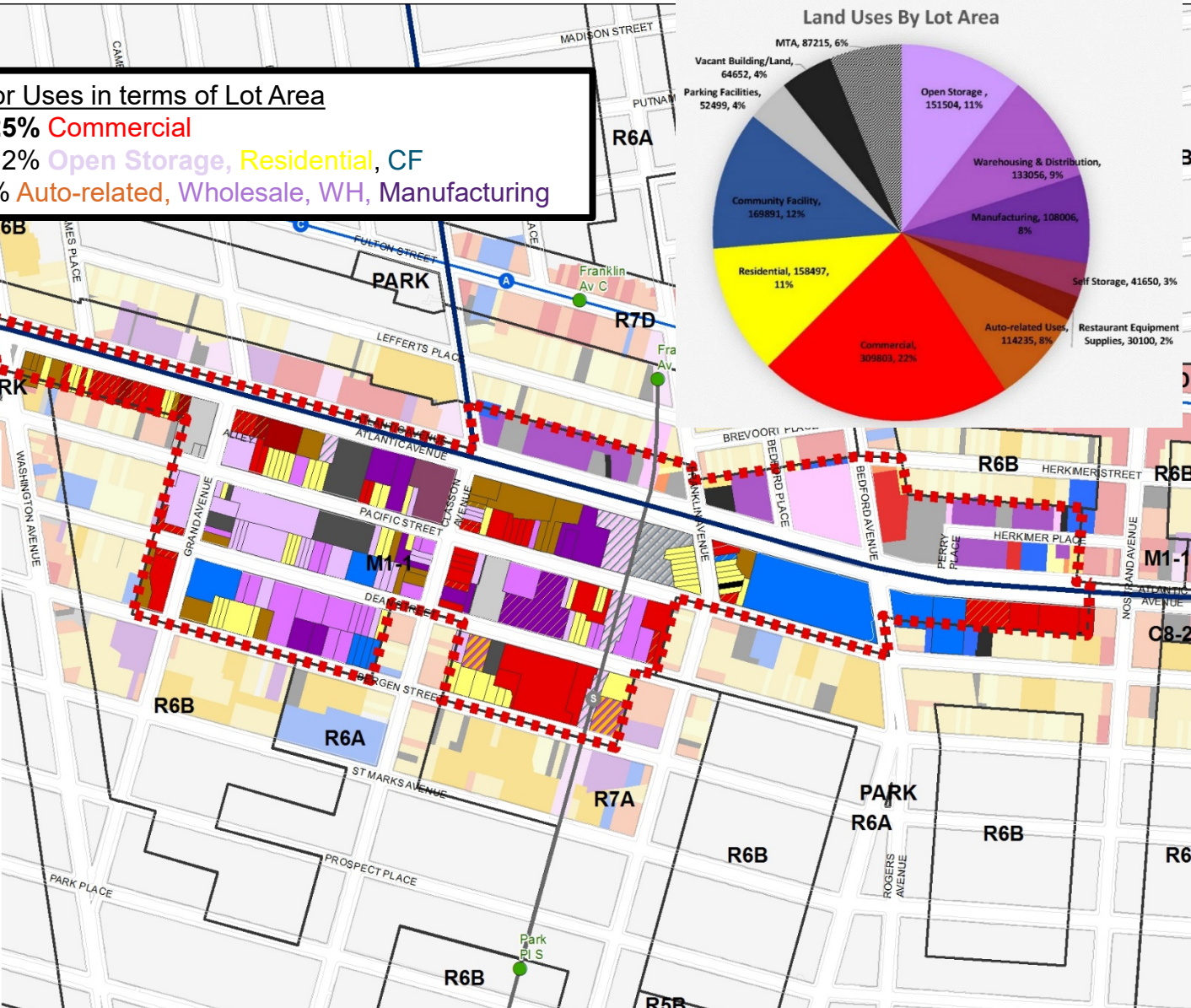


Legend

- M1 Study Area
- Community Districts
- Upper Floor Residential

Land Use Classification

- Open Storage
- Industrial: Warehouse, Wholesale, Distribution
- Restaurant Equipment
- Manufacturing
- Self Storage
- Auto-related Uses
- All Commercial
- Surface Parking; Parking Garage
- LiveWork
- Residential
- Community Facility
- Vacant Building/Storefront
- Vacant Land
- MTA
- Tax Blocks



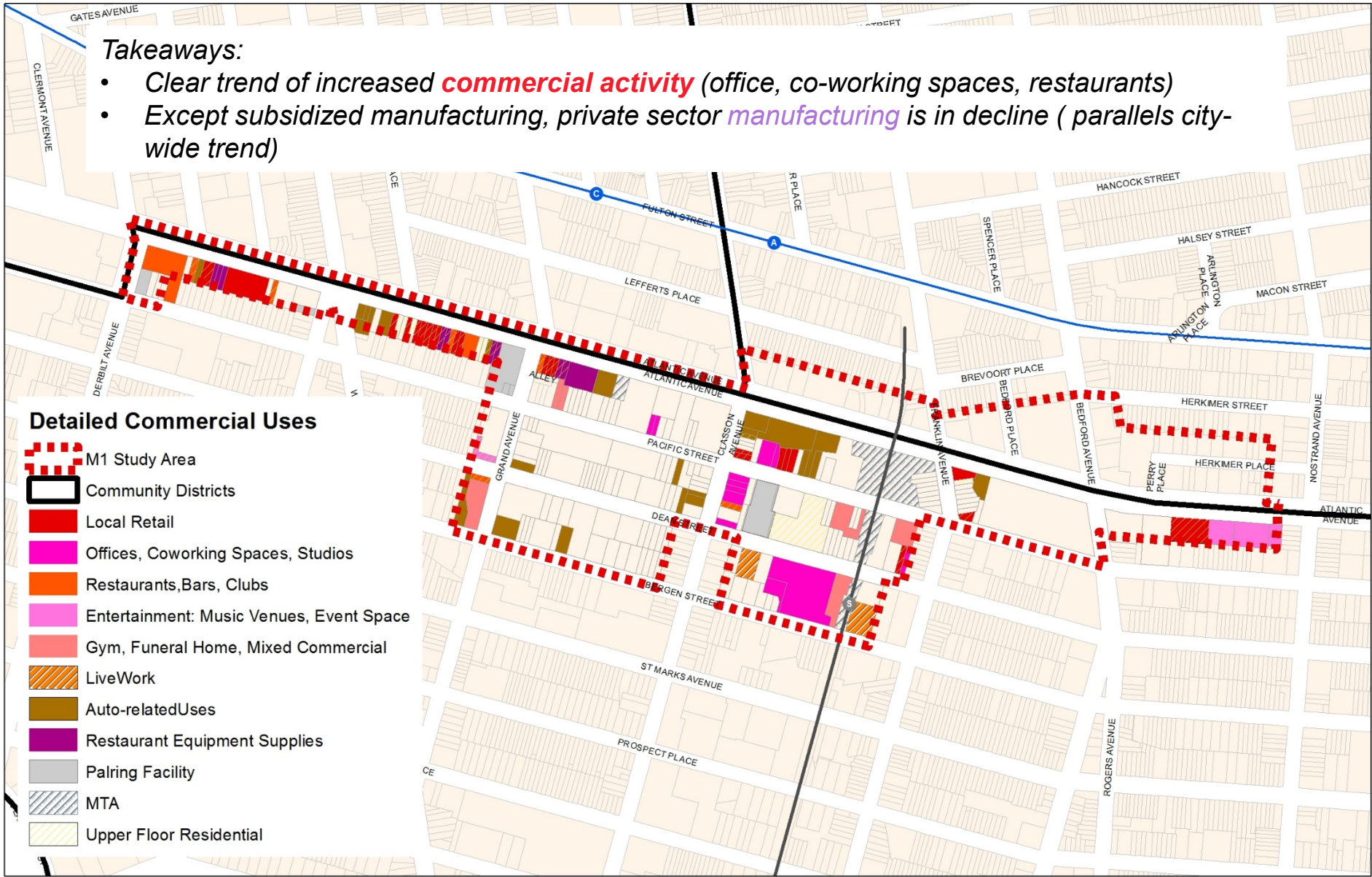
Study Area Land Use: Increase in Commercial

Takeaways:

- Clear trend of increased **commercial activity** (office, co-working spaces, restaurants)
- Except subsidized manufacturing, private sector **manufacturing** is in decline (parallels city-wide trend)

Detailed Commercial Uses

-  M1 Study Area
-  Community Districts
-  Local Retail
-  Offices, Coworking Spaces, Studios
-  Restaurants, Bars, Clubs
-  Entertainment: Music Venues, Event Space
-  Gym, Funeral Home, Mixed Commercial
-  LiveWork
-  Auto-related Uses
-  Restaurant Equipment Supplies
-  Pairing Facility
-  MTA
-  Upper Floor Residential

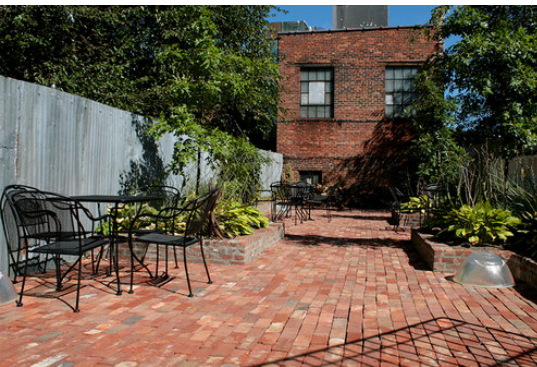


Study Area and Nearby: Coworking in Converted Buildings

Franklin Ave (a block south)



1036 Dean St near Franklin Ave



Study Area: Commercial Loft Conversion Under Way



Study Area: New, Vacant 1-Story Commercial

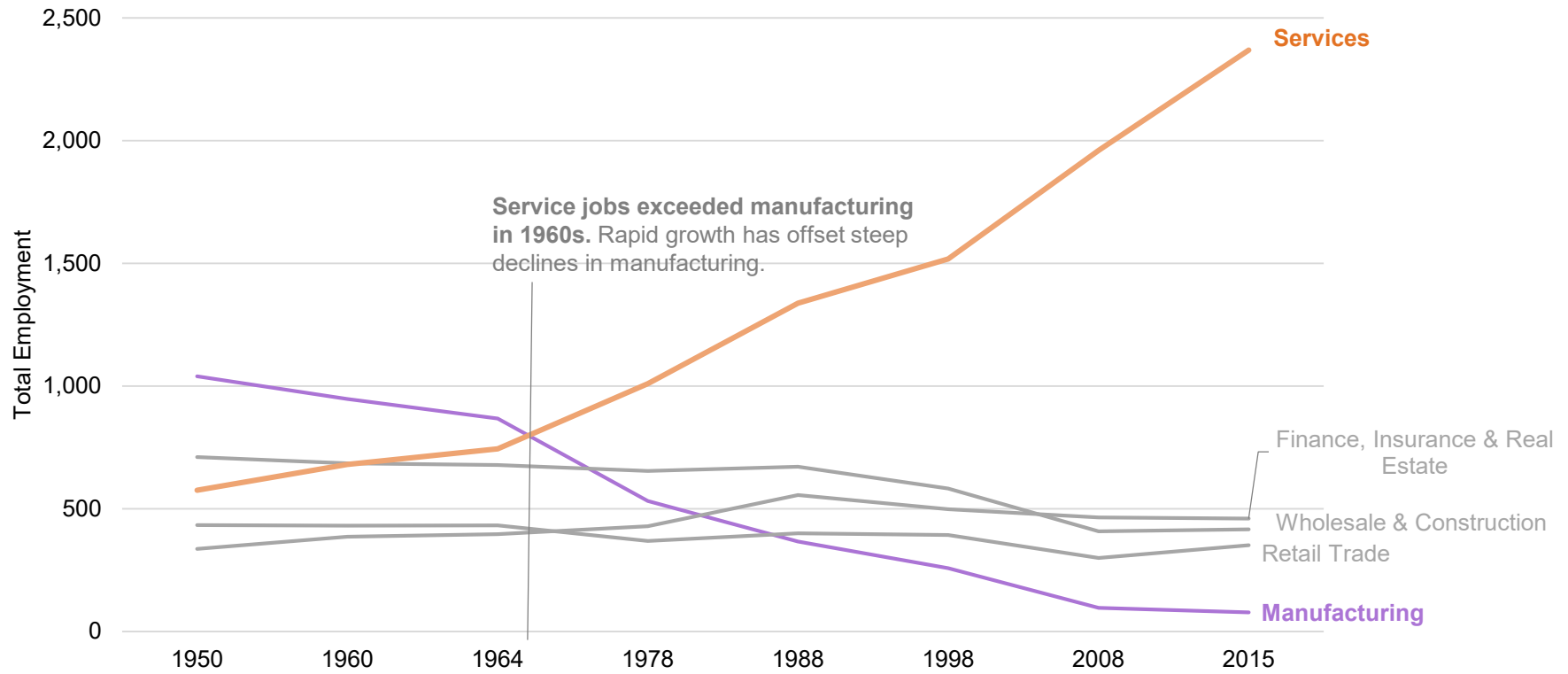
This investment may reflect growing commercial market

New low-cost 1-story commercial buildings may be feasible – but not necessarily multiple stories



NYC: growth driven by services in recent decades.

Employment by major sector, New York City, 1950-2015*



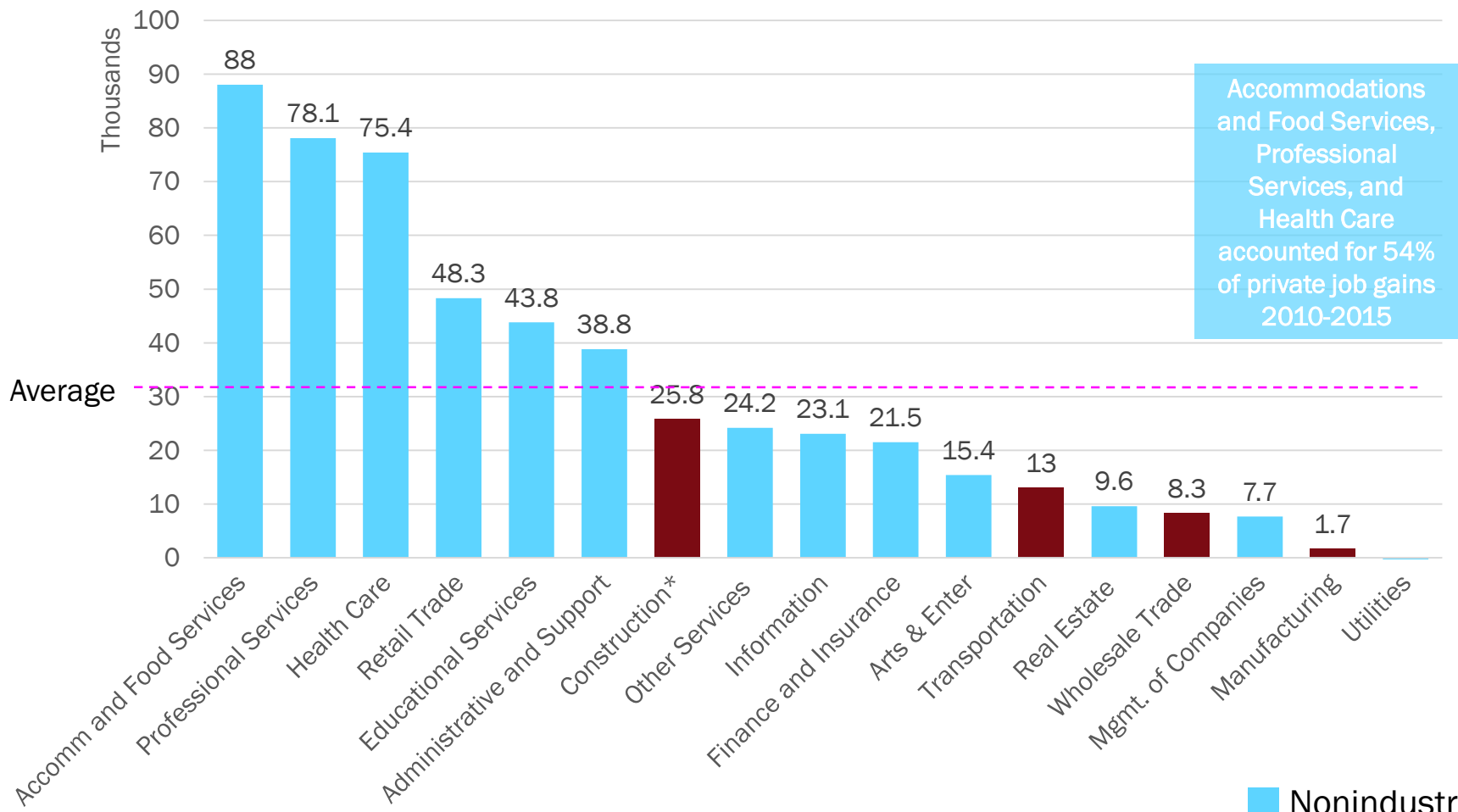
Note: Some of the shift in employment between 1998 and 2008 is due to a reclassification of industry codes from SIC to NAICS. Most significantly, publishing companies once classified as manufacturing would have moved to "information"; manufacturing headquarters may also have shifted to "management of companies and enterprises".

Source: NYSDOL QCEW 2008 & 2014 (3Q) and ES-202 historical estimates 1978-1999. NYSDOL, 1950-1964 as reported in "Jobs in Transition" from 1966 *excludes public employment.

NYC: gain of over a half-million jobs since the recession.

Most recent growth in non-industrial sectors.

Change in Private Employment, 2010-2015



Accommodations and Food Services, Professional Services, and Health Care accounted for 54% of private job gains 2010-2015

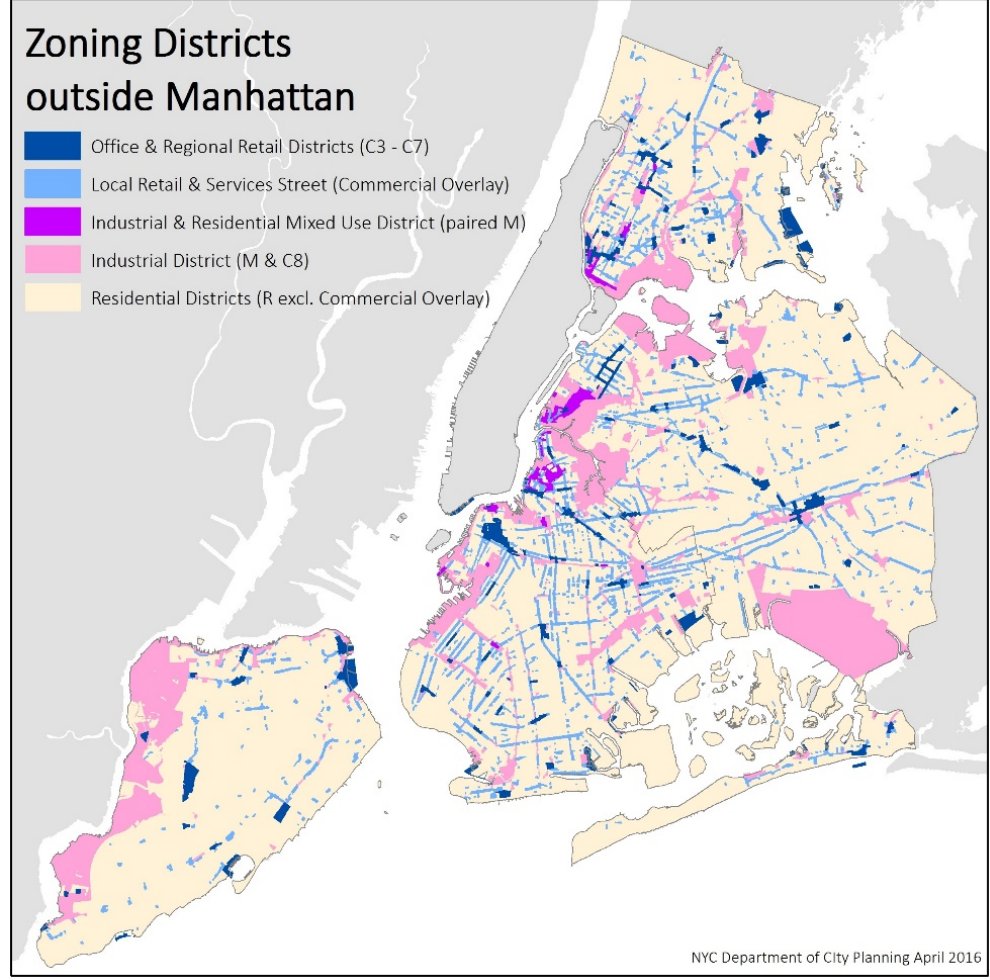
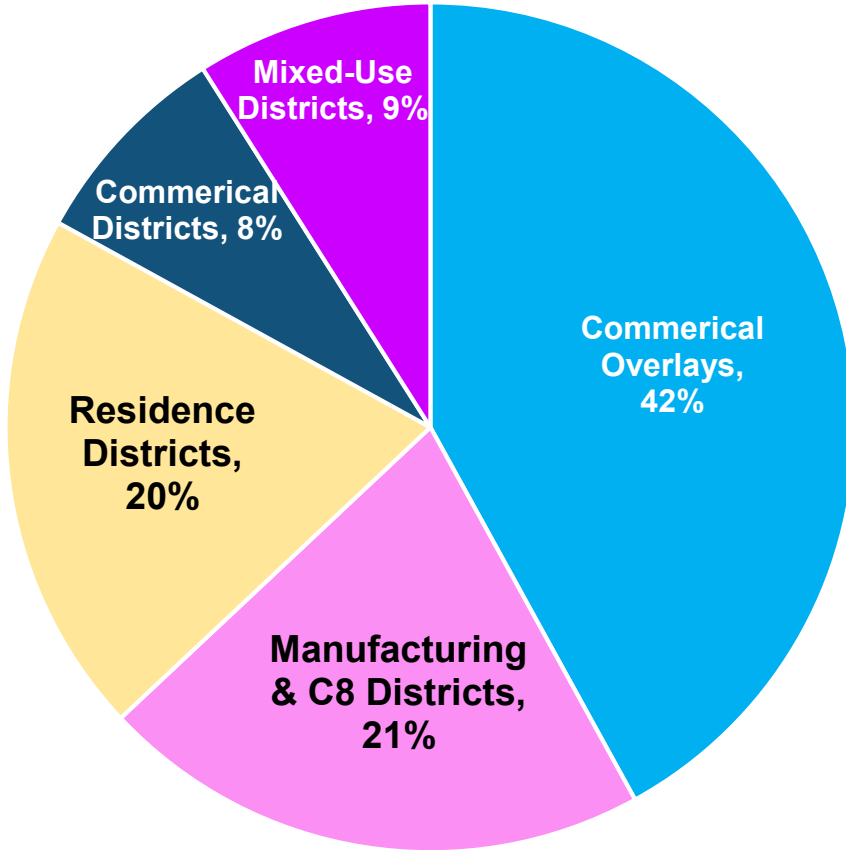
* Includes Natural Resources and Mining

Source: NYSDOL Current Employment Statistics, 2010-2015

■ Nonindustrial
■ Industrial

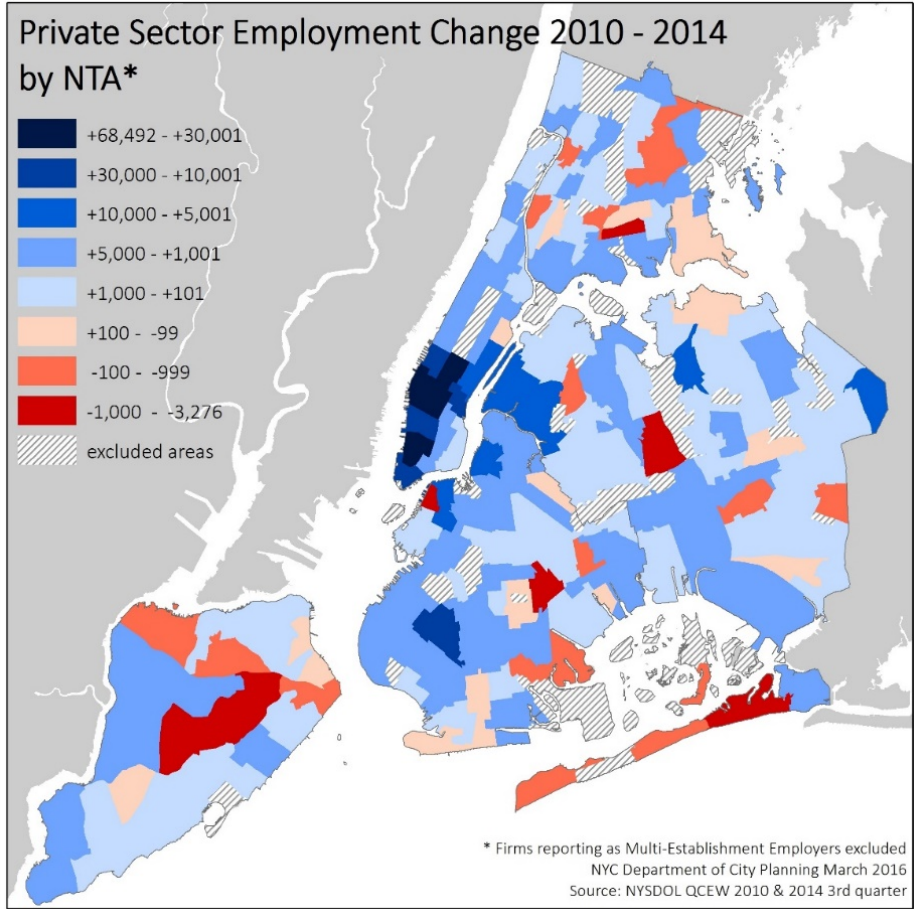
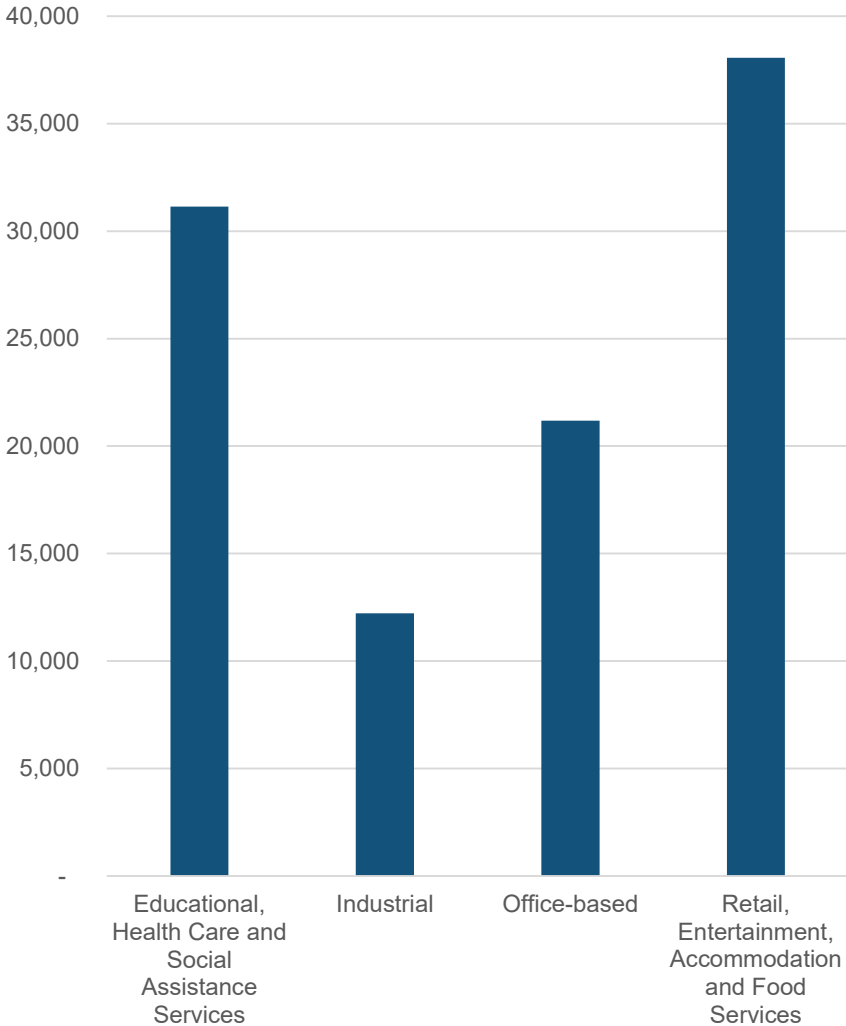
Outside Manhattan: growth driven by retail and community facilities in commercial corridors.

Jobs Gains by Zoning District, Outside Manhattan, 2010-2014



Brooklyn: retail and community facilities led growth.

Employment Change in Brooklyn
(2010-2015)



“High growth” professional service sectors:

advertising, business services, consulting, education, healthcare, non-profit, R&D, technology



Newer/smaller firms are seeking office space at a price they can afford:

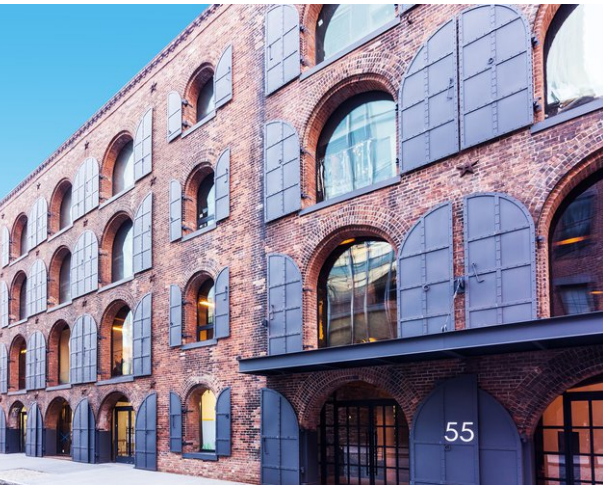
- Citywide, Class B/C office **declined by 5.2% 2000-2016** due to conversions to Class A or residential
- B/C office in Brooklyn more affordable than in Manhattan: **\$33/SF vs. \$59/SF**
- However, Brooklyn B/C supply is constrained:
 - Rents grew by **20%** between 2010-2016
 - Vacancy almost as low as Class A: **8.3%**

Brooklyn: Class B/C Office Trends

New construction of office requires rents of \$50-70/SF, generally above Brooklyn market rents

In transit-accessible manufacturing districts near residential areas, a trend of office and coworking space in converted industrial buildings

DUMBO
Empire Stores



East Williamsburg/Bushwick
Paper Mill



Sunset Park
Whale Square



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Assets:

- Transit access
- Surrounded by strong residential neighborhoods and retail services
- Proximity to Downtown Brooklyn
- Growing office/co-working conversions in Study Area and nearby
- Existing stock of industrial loft buildings

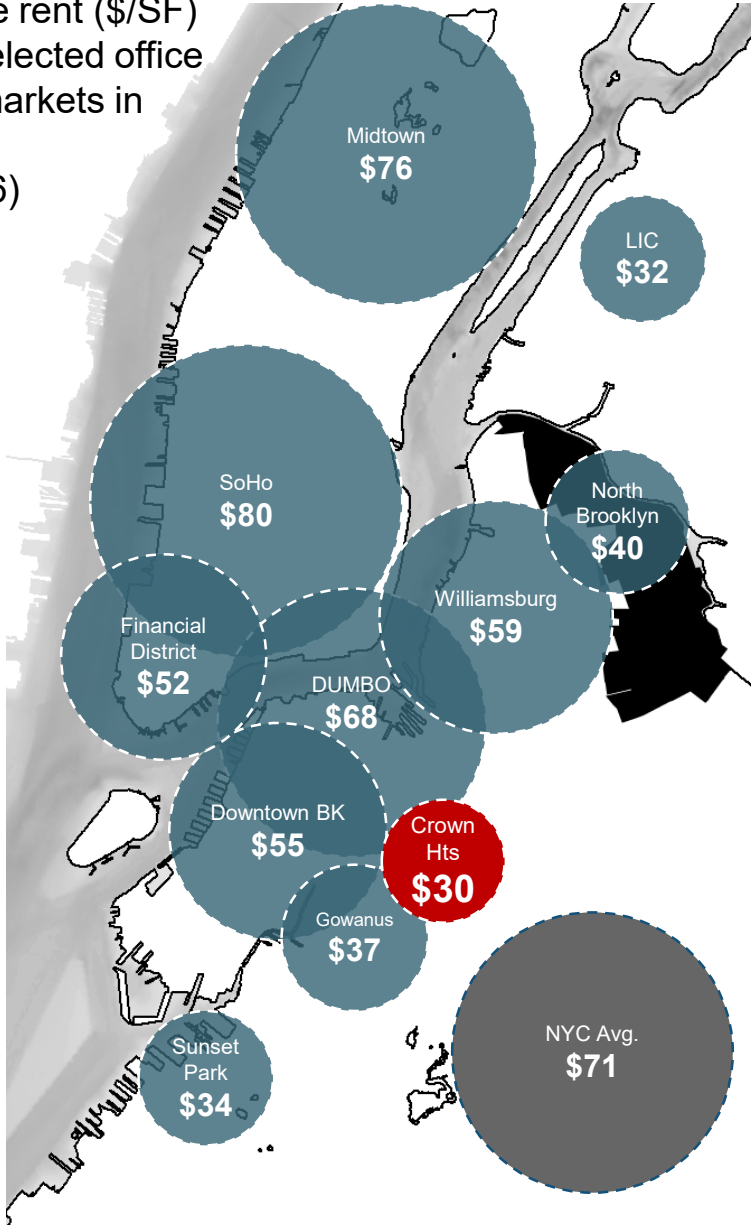
Challenges:

- Current zoning allows 1 FAR with high parking requirements
- Current Crown Heights office rents are \$25-35/SF and cannot support new construction
- Cost of site cleanup adds to construction costs

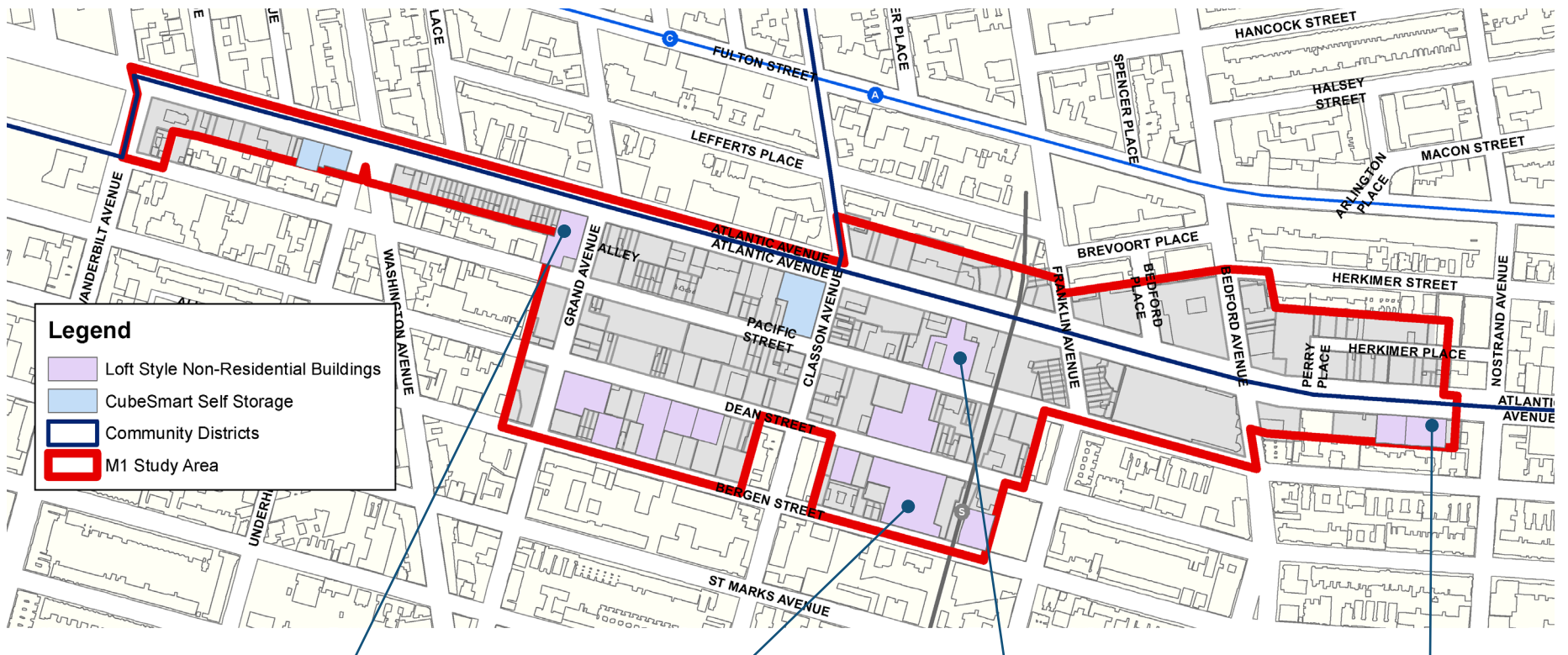
Commercial: Crown Heights Rents

Office rents currently lag behind other office submarkets (but have been rising)

Office rent (\$/SF) for selected office submarkets in NYC (2016)



Opportunities: Existing Multi-story Non-residential Buildings



980 Atlantic Ave Conversion



1000 Dean St



GMDC



Studio E Warehouse

Industrial/Manufacturing Potential

- GMDC has brought in 53 new manufacturing jobs, with subsidized rents
- Unsubsidized industrial/manufacturing jobs currently declining in the area
- Challenges to industrial operations:
 - Proximity to residential neighborhoods
 - Small lots unsuitable for new industrial space
 - Narrow street network

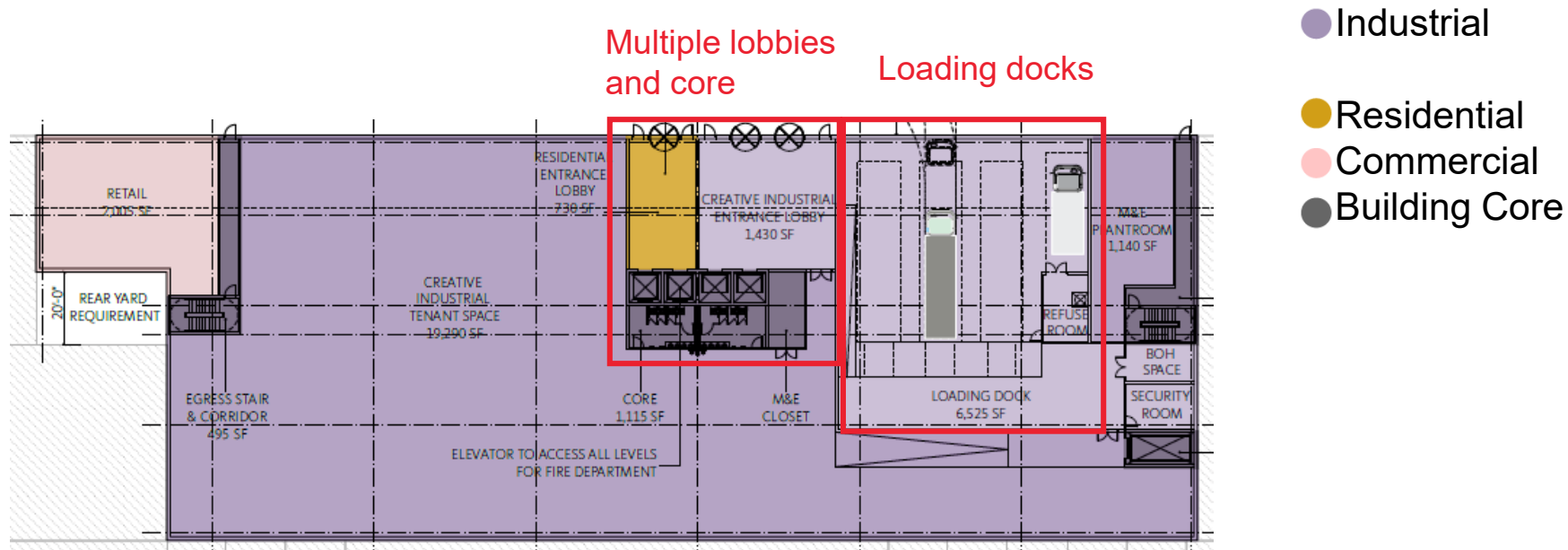


Pedestrian/truck conflict in North Brooklyn

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Design constraints and increased costs

- **Stacking residential/non-residential** requires two separate cores and lobbies, increasing costs and reducing building efficiency
- **Mix of residential/industrial creates conflicts**
 - In the same building: odors, noise, vibrations, loading dock proximity to residential lobby
 - In the same neighborhood: odors, noise, truck/pedestrian conflicts



ILLUSTRATIVE DIAGRAM

Zoning sets parameters for what can be built

What is actually built is influenced by the market and other forces

Financial constraints of mixed income/mixed use buildings

- Current office/industrial rents cannot support new construction
- Under MIH, maximum amount of subsidy from market rate housing is already allocated to affordable housing

Availability of financing

- Financing of spec office is extremely difficult; spec industrial almost unprecedented

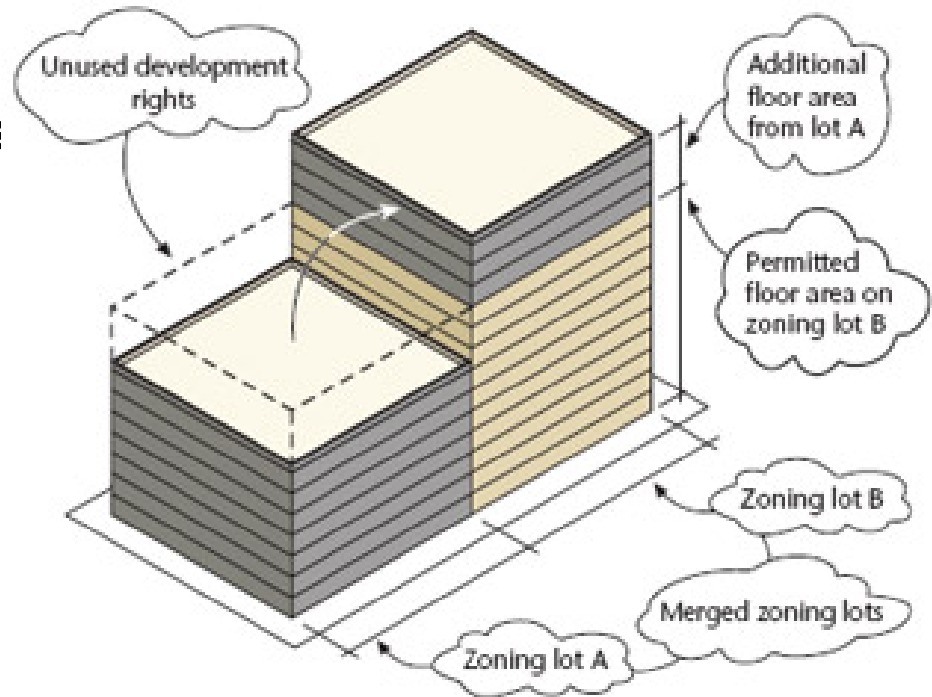
Requirements vs. options/incentives:

1.5 FAR non-residential requirement:

- More than one story of non residential requirement is physically complex and inefficient
- Requiring infeasible/difficult-to-finance building programs would likely prevent development OR lead to BSA variance applications
- 50% of soft sites developed would require 500,000 SF of non-residential; absorption limitations could slow development, especially if conversions are also occurring

TDR through a zoning lot merger is a mechanism that is available and used throughout NYC – As-of-Right:

- **Applicable to adjacent lots**
- **Provides flexibility for lot owners**
- **Can preserve existing structures**
- **Can allow for larger development**



TDR mechanisms are used for an explicit public purpose in situations where conventional zoning mechanisms would not suffice.

Landmarked buildings

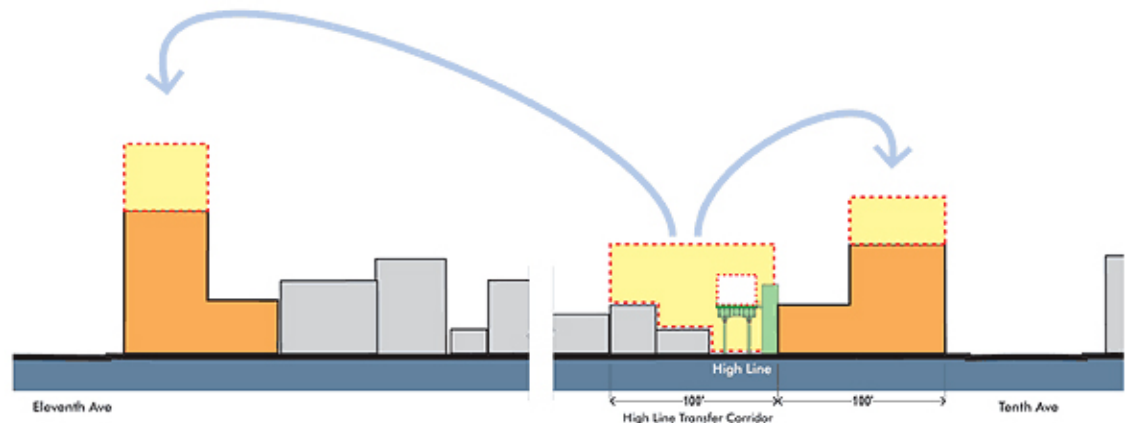
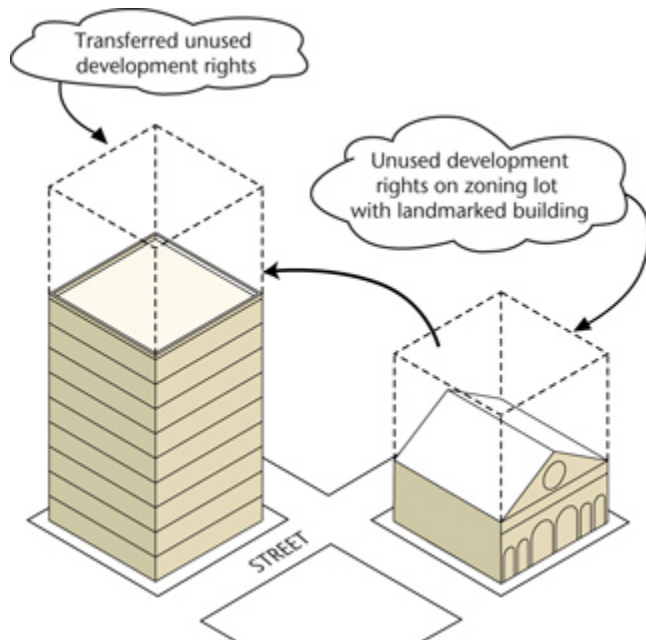
For preservation of historic buildings

Theater district

For preservation of historic theaters

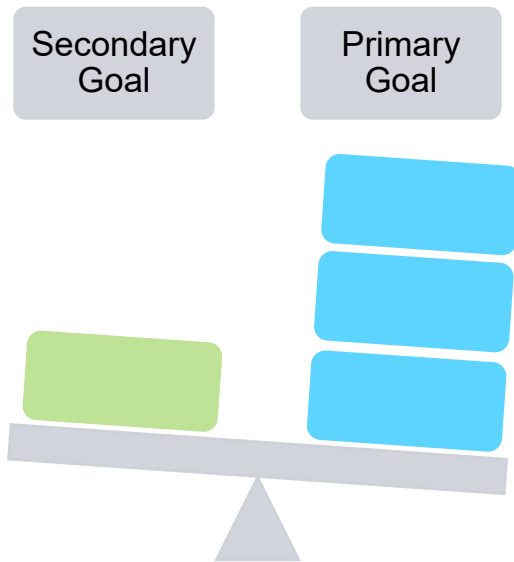
High Line

For preservation of public amenity

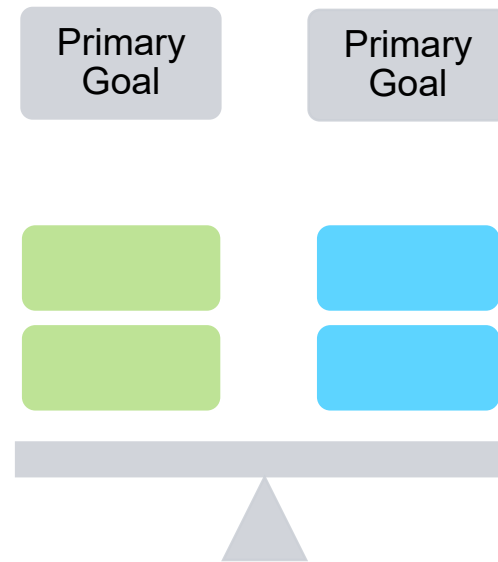


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Conceptual Illustration



Zoning can be used to maximize an outcome tied to PRIMARY goal



Zoning can be used to take a middle outcome path IF both are primary goals

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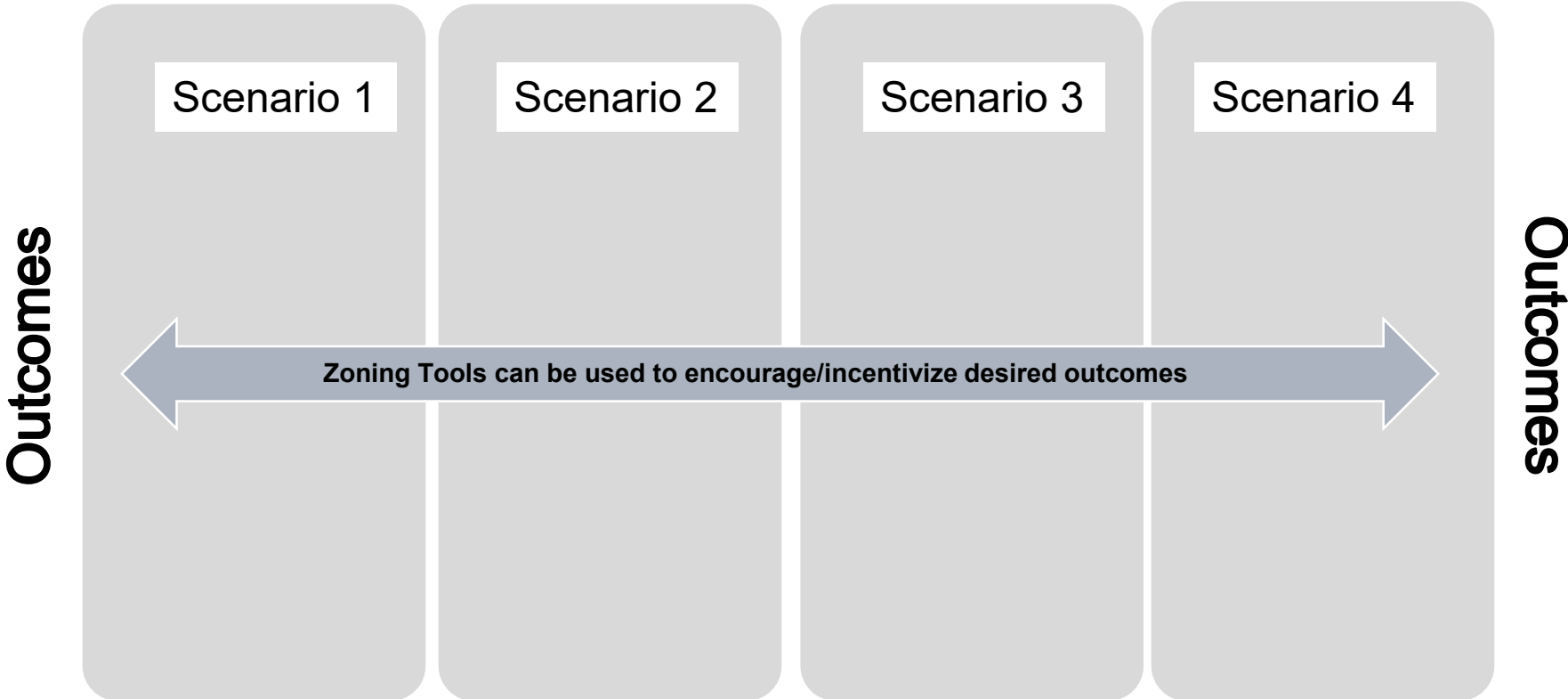
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Scenario 1

Scenario 2

Scenario 3

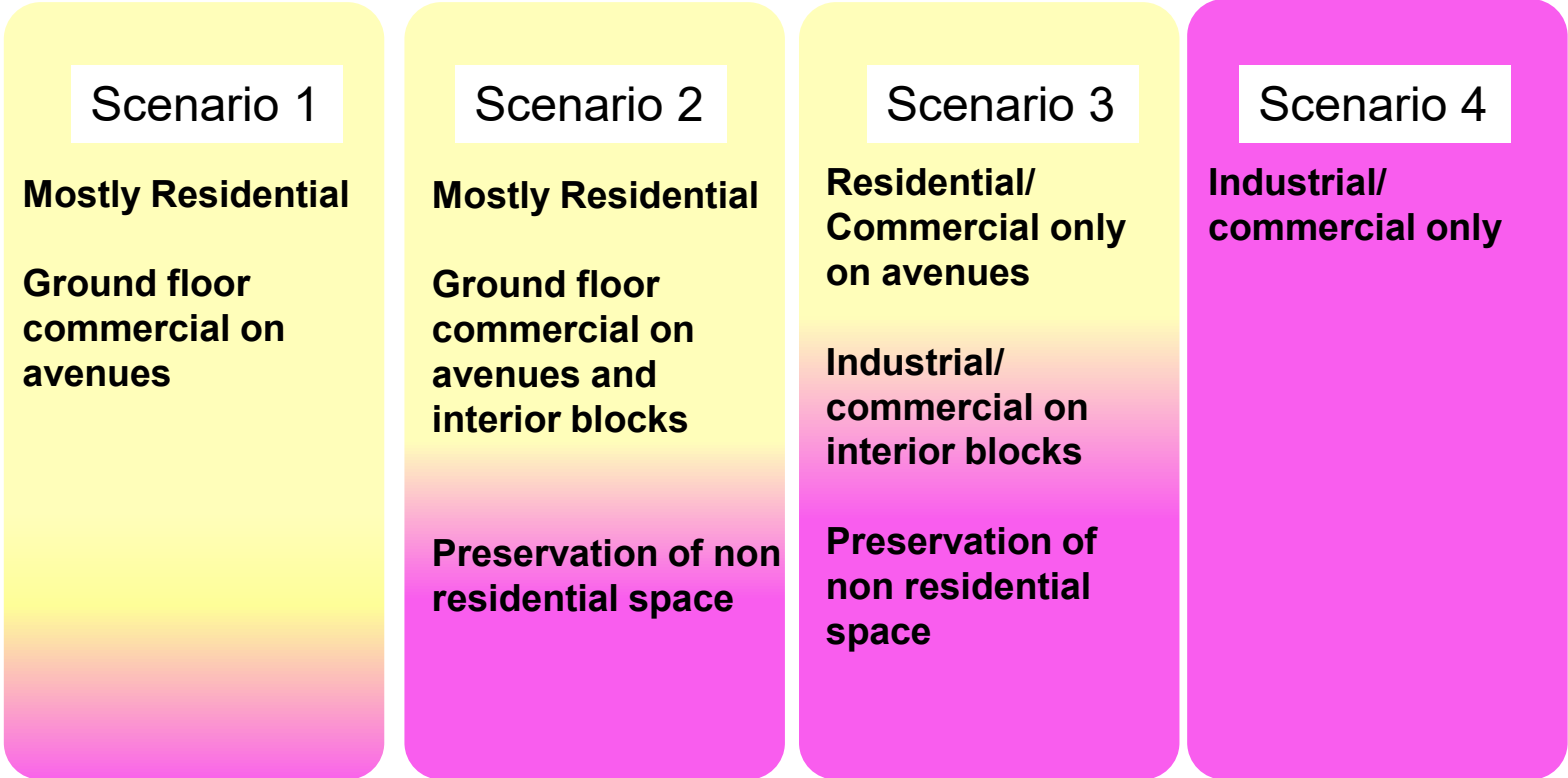
Scenario 4

Outcomes

Outcomes

Zoning Tools can be used to encourage/incentivize desired outcomes

Baseline Scenario Analysis: 'Goals & Outcome' Comparison



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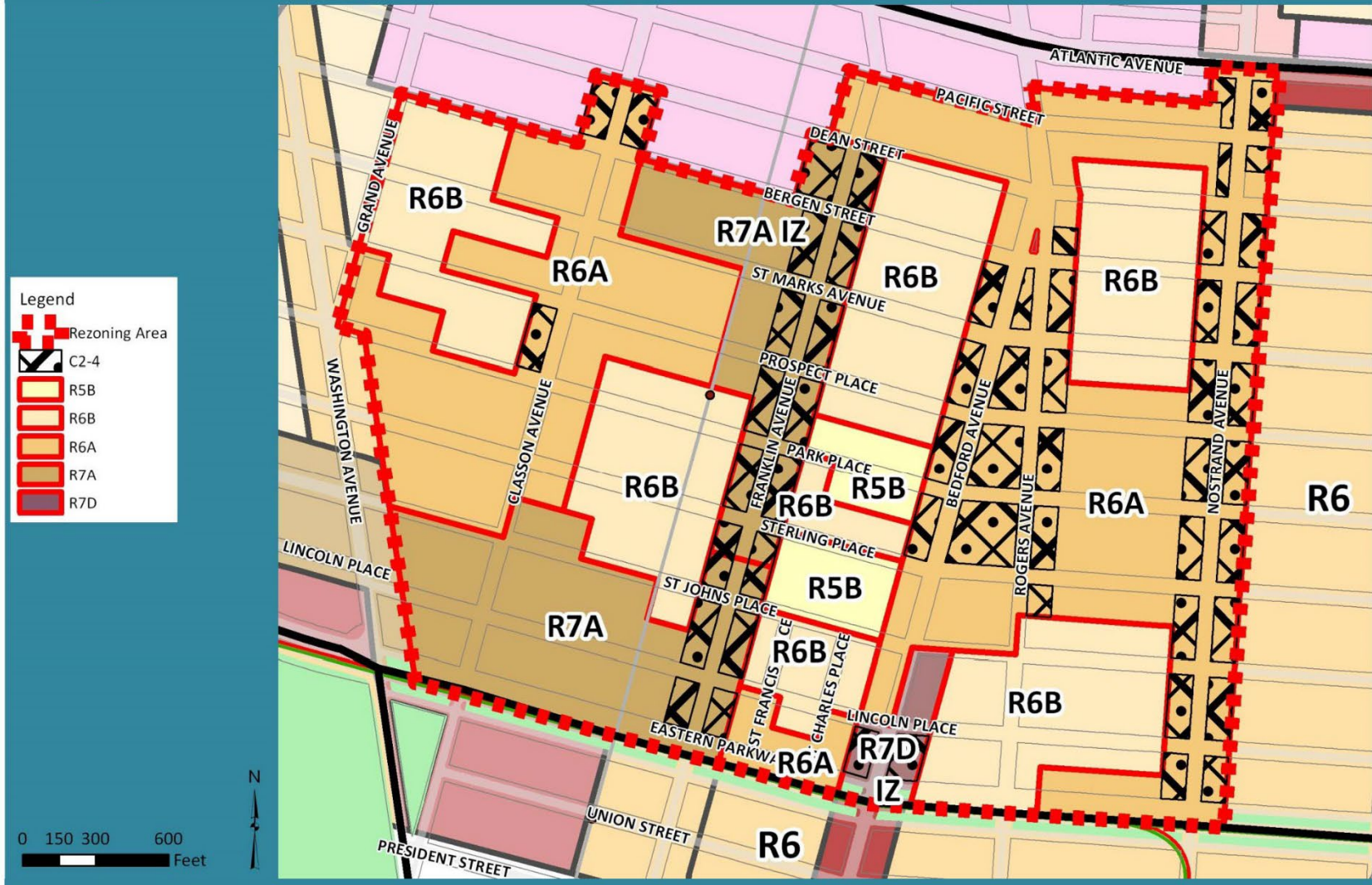


<p>Scenario 1</p> <p>Mostly Residential</p> <p>Ground floor commercial on avenues</p>	<p>Scenario 2</p> <p>Mostly Residential</p> <p>Ground floor commercial on avenues and interior blocks</p> <p>Preservation of non residential space</p>	<p>Scenario 3</p> <p>Residential/ Commercial only on avenues</p> <p>Industrial/ commercial on interior blocks</p> <p>Preservation of non residential space</p>	<p>Scenario 4</p> <p>Industrial/ commercial only</p>
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Mixed-income housing	700-1,775 DU	650-1,625 DU	350-850 DU	0
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Total non-residential	50,000-125,000 SF	475,000-625,000SF	425,000 – 575,000 SF	375,000 – 475,000 SF
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Proposed Zoning Districts Overview



Crown Heights West Rezoning

March 2013