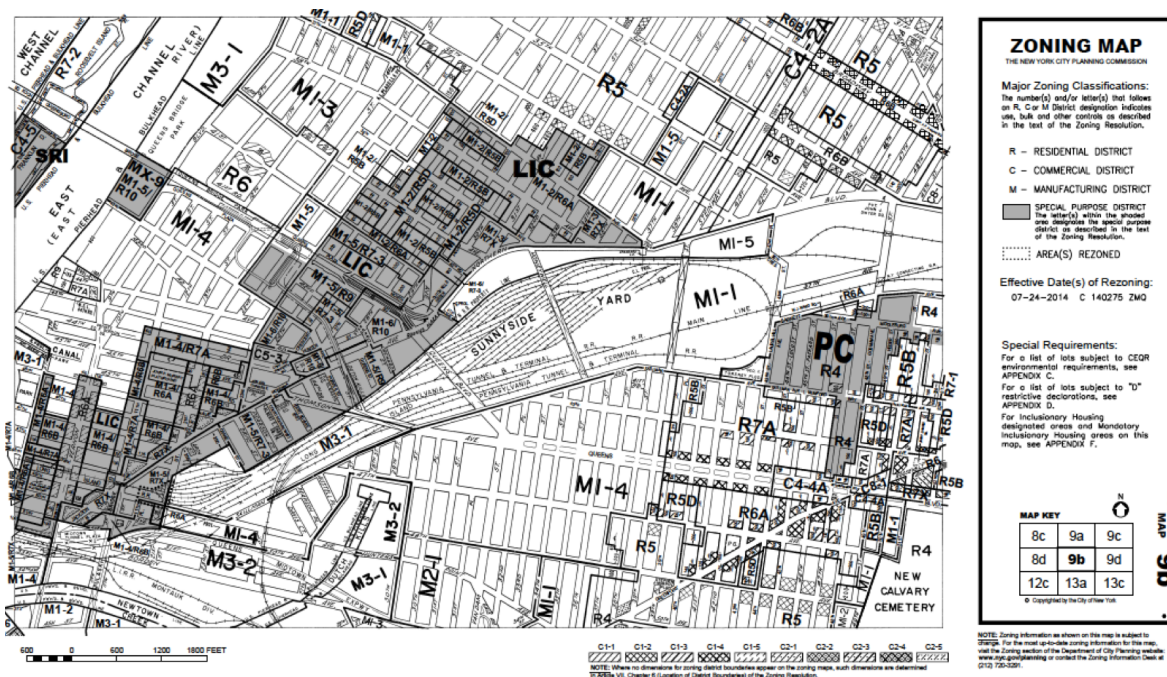


REZONING, NEW DEVELOPMENT, & JOBS

CHALLENGES AND OPPORTUNITIES FOR PROMOTING EQUITABLE DEVELOPMENT

Prepared for the Justice for All Coalition, January 2018 Community Forum

By the Pratt Center for Community Development, Brooklyn, NY



Background and Purpose

One of Justice For All's (JFA) major principles is that the changes coming to LIC should benefit existing local residents (particularly public housing and other low-income residents). In this vein, this report aims to investigate:

1. How the rezoning may impact existing businesses and what types of new employment opportunities it may lead to.
2. The City's vague objective to "identify economic opportunities to benefit neighborhood residents and businesses."

The zoning map above is from 2001. Notice all the 'M's. These blocks of land were designated for manufacturing and heavy industry. Today LIC is moving in the direction of residential, commercial and light industrial zoning.

This report will focus on the potential rezoning (related to the LIC Core Study being conducted by the Department of City Planning; see DCP, 2018 for more). Despite this focus, much of what will be covered applies to other developments that are already happening and being planned for the neighborhood.

In addition to giving an overview of the area to be rezoned, we'll explore the following questions:

1. How could the rezoning affect the economic landscape in LIC?
2. What are the chances that new jobs resulting from this rezoning will go to local residents?

Before exploring how the rezoning could change the economic landscape of LIC, let's get a sense of the present LIC economy.



SECTION 1: How has LIC's economy already been changing?

"Long Island City has been the home of both light and heavy manufacturing for the past 100 years" (Lippincott, 2001).

Former warehouse buildings and manufacturing zones have given way to luxury residential and commercial buildings and limited public green spaces.

"Long Island City has been the home of both light and heavy manufacturing for the past 100 years."

- LIPPINCOTT, 2001

The general direction of the economy of Long Island City has been from industrial to non-industrial. The case study of Swingline Staplers (next page) is an iconic example of LIC's manufacturing decline.

This is the result of both a loss of the industrial base and growth of non-industrial businesses.

Between 1998 and 2012, zip code 11101 saw a 37% decrease in manufacturing businesses.

During that same time frame, zip code 11101 saw a 12% increase in all types of businesses. These include low-wage retail jobs, restaurants and hotels.

CASE STUDY: Swingline Staplers

Swingline Staples is an iconic example of LIC's manufacturing decline. Swingline moved onto Skillman Avenue in 1950. The company, then called Speed Products, and previously Parrot Speed Fastener Company, was established in 1925 by Jack Linskey. That company would become Swingline, famous stapler sign and all, in 1956. In

1998, not too long after free trade was established between the three North American countries in 1994 (through a policy known as NAFTA), Swingline moved its headquarters to Nogales, Mexico - most likely seeking cheaper production, land, and labor costs ([forgotten new York, 2016](#)).

Swingline was also encouraged to relocate by local pressures that were already moving LIC's economy away from manufacturing. In 1993, the Department of City Planning (DCP) published, "A Plan for Long Island City: A Framework for Development." From this plan, DCP began a succession of rezonings to core areas in the southern portion of LIC.



In 2001, DCP moved forward with a neighborhood rezoning. The area to be rezoned spread from Sunnyside rail yards to 23rd Street, bordering 41st Ave on the north, and enclosing two transportation hubs, Queensboro Plaza and Court Square. Also included in the area: the former Swingline Staples building ([Lippincott, 2011](#)).

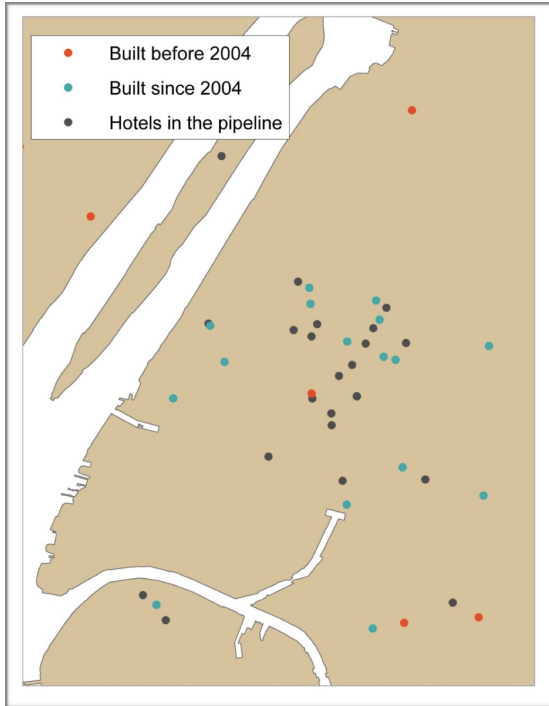
According to DCP Chairman Joseph Rose, the objective of the rezoning was to "transform Long Island City into a major business district". An important mechanism in this transformation was the zoning conversion from manufacturing to *mixed use*, "designed to encourage new construction and development", said John Young, director of the Queens Office of the DCP. In addition, he noted the mixed use plan would also support the reconstruction of old manufacturing buildings for new uses ([Lippincott, 2011](#)).

Today the former Swingline Staples building houses, CityView Racquet Club who is self-described as, "a private, members-only featuring tennis and squash courts, state of the art fitness area, full service spa, juice bar, cocktail lounge and outdoor deck showcasing breathtaking views of the Manhattan skyline" ([Walsh, 2013](#)).



Hotel Proliferation Before and After 2004

Data source: New York Hotel & Motel Trades Council, 2014



The proliferation of hotels in the last decade has been particularly stark. According to a March 2017 report by Long Island City Partnership, a local development corporation, there are currently 33 hotels (3,100+ hotel rooms) in the neighborhood, with 30 (4,200 rooms) in the planning or construction phases. In a 2010 report by them, they found the neighborhood had 15 hotels (1,446 rooms). Between 2010 and the end of 2017, the number of hotels (and hotel rooms) has more than doubled; and is set to double again over the next decade (Milder and Ryan, 2010; LIC Partnership 2017).

Many of these hotels are non-union and therefore have lower job quality.

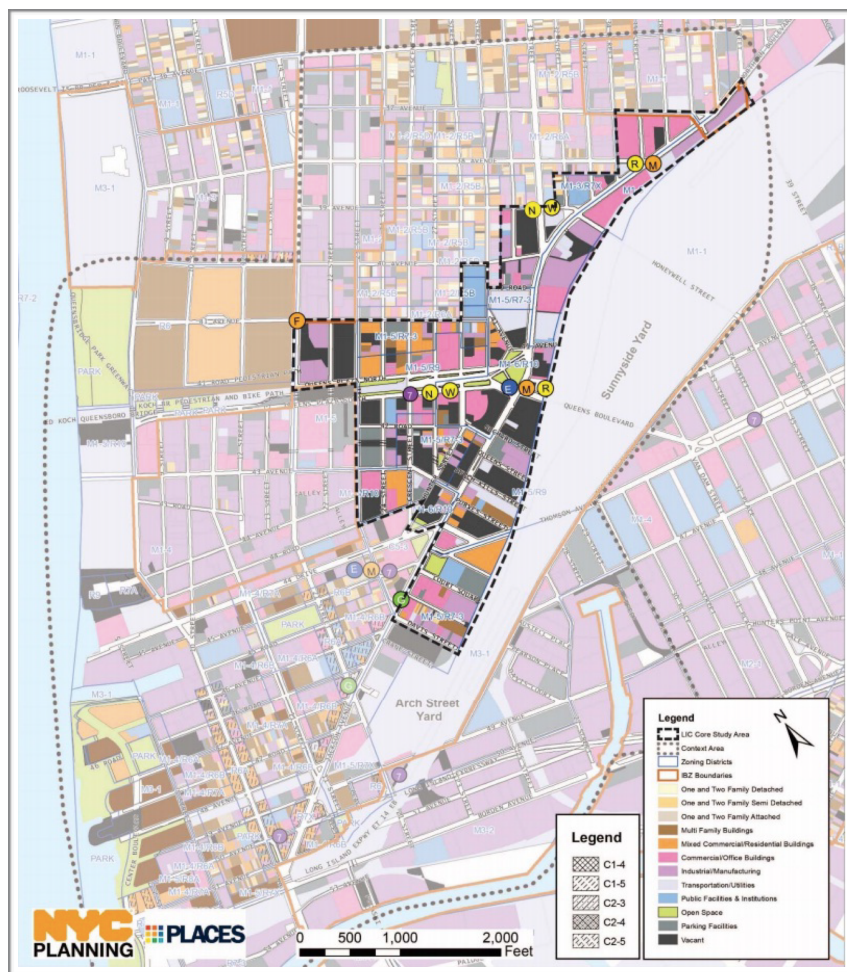
Hotel proliferation has been aided by the permissive nature of light manufacturing zones, which allow for hotel development.

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SECTION 2: Overview of the rezoning “LIC core” area

Currently, the Department of City Planning is investigating the “LIC Core” (red in the map below) with the intentions of putting forth a rezoning proposal for the area (See DCP, 2018 for more).





The map to the left gives a sense of how land is used in the area today. Current uses include:

1. Residential (market-rate) buildings and units
2. Non-residential establishments, including approx. 500 businesses, non-profits and public facilities like schools (NOTE: hard to get the data by exact rezoning boundary). There are a large number of health care offices, lawyers, restaurants and real estate agents in this area, too.
3. Vacant land (black in the map to the left)

This potential rezoning is a continuation of previous efforts to rezone LIC away from manufacturing towards residential and commercial development (DCP, 2001).

The vast majority of the LIC Core was part of a larger area rezoned in 2001 as a “mixed use” area that allows residential, commercial, industrial, and cultural uses (at varying densities depending on which part of the district) (DCP, 2001). Only 2 blocks are currently zoned as only manufacturing (i.e., not mixed-use). These blocks, where a hotel is slated to be built, are adjacent to the Queensbridge Houses: between the bridge, 41st Ave., 21st St. and 23rd St.

While the 2001 rezoning newly allowed for a mix of uses, no requirements to create any balance among these different uses was imposed on developers. Instead, it is up to the developers to pick and choose. Real estate economics dictate that residential is much more lucrative than manufacturing, and presumably, it is this logic that has spurred a residential boom in the area (see LIC Changes Report).

The DCP’s LIC Core Planning Neighborhood Study has focused on exploring commercial and office development.

“This rezoning is a continuation of a larger plan to rezone LIC away from manufacturing towards residential and commercial.”

SECTION 3: How could the rezoning affect the economic landscape in LIC?

Unlike other rezonings, the proposed rezoning for LIC is largely about fostering commercial development in the area; specifically offices. This aim stems from the City's concern that commercial development has not kept pace with residential development. Relatedly, the City has long-held visions of making LIC a "24-hour central mixed-use district" – as an extension of midtown Manhattan.



A bird's eye view of the rezoned area shows the dramatic changes in the built environment of the neighborhood.

This plan has both potential direct impacts and indirect impacts for businesses and other tenants that rent within the area to be rezoned and those in the surrounding area.

Potential direct impacts include increased vulnerability for businesses that rent - likely the majority - because their landlord may gain the right to build bigger than is currently allowed. Landlords may sell, or build bigger with the aim of maximizing their profit.

“...the proposed rezoning for LIC is largely about fostering commercial development in the area... This plan has both potential direct and indirect impacts...”

Potential indirect impacts include a ripple effect in the form of upward pressures on commercial and residential rents for tenants outside the rezoned areas.

SECTION 4: What are the chances that new jobs will go to local residents?

We'll address this larger question by way of three smaller questions:

1. What has the recent past shown us?
2. What are the challenges for the prospect of new jobs going to local residents?
3. What are the opportunities for the prospect of new jobs going to local residents?

What has the recent past shown us?

A lack of good data makes this hard to document and quantify. However, we know that between 2002 and 2015, the number of jobs in zip code 11101 jumped almost 30% (from 56,000 to 73,000 jobs) while during the same period unemployment in Queensbridge and Ravenswood Houses increased significantly. Also, anecdotal data seems to say that most jobs that come out of new development (construction and post-construction) are unattainable for local residents or are short-term and low-wage jobs.

What are the challenges for the prospect of new jobs going to local residents?

An important and fundamental challenge to the prospect of new jobs going to local residents relates to the sanctity of private property in this country and not having the government tell landowners what they should do with it. It is legally very difficult if not impossible to require private developers who want to build something “as-of-right” (i.e., they don’t need a special permit or a zoning change) and without government subsidy to hire locally. There is also institutional pushback from politically powerful forces such as REBNY (Real Estate Board of New York).

REBNY (REAL ESTATE BOARD OF NEW YORK):
Formed in 1896 to facilitate transactions in real estate (i.e. buying, selling, leasing, mortgaging, insuring), today REBNY is a development-friendly entity that promotes industry-backed policies and supports the property needs of a specific class of investors and residents.

What are the opportunities for the prospect of new jobs going to local residents?

The City touts its HireNYC program, a “first look” workforce policy that requires businesses who have a contract with the City or who receive a subsidy from the City to advertise open positions through the City’s Workforce One program. Workforce One Centers prepare job seekers for job opportunities, and only people who are part of the Workforce One pool of applicants will be considered for Hire NYC.



“However, HireNYC has been criticized for several key weaknesses.”

However, HireNYC has been criticized for several key weaknesses.

- 1.No requirements for well-paying or permanent jobs.
- 2.It only requires an employer to make a “good faith effort” to consider this applicant pool; there are no consequences if an employer doesn’t actually hire from it.

Community Benefits Agreements (CBAs) can be a mechanism for ensuring that a

COMMUNITY BENEFITS AGREEMENTS (CBAs):

a contract that community members negotiate with a private developer that outlines the community benefits that a particular development project will deliver to the community.

development project's new jobs go to local residents. BUT it only applies to projects that need some sort of public approval to move forward; meaning it doesn't apply to "as-of-right" development (i.e., they don't need a special permit or a zoning change) projects.

A CBA is a contract that community members negotiate with a private developer that outlines the community benefits that a particular development project will deliver to the community. This contract is a legally binding agreement on which a community's support for a development project is based.

The Staples Center in Los Angeles is a well-known example. The recently announced Plaxall/Anable Basin project could theoretically be subject to a CBA since it's a proposal from a private developer that includes asking the City to rezone its property from manufacturing to mixed-use.

Case Study: The Staples Center in LA

CBA with local residents included:

1. Compliance with city's living wage ordinance
2. Job training programs
3. Priority hiring to low-income people living within 3 miles



Conclusion

This report has tried to paint a realistic picture of what the rezoning and other development in Long Island City may offer in terms of creating jobs that will go to local residents. Unsurprisingly, there are many challenges to making this happen in a meaningful way. The community will have to fight hard to ensure that the City meets its objective to "identify opportunities to benefit neighborhood residents".

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