



CASE STUDY

New York City | Brooklyn Navy Yard

# Reviving Good Industrial Jobs

**P**ost-war deindustrialisation led to rapid hollowing out and the loss of good manufacturing jobs in the Big Apple. To bring back middle-class industrial jobs, the city converted a decommissioned navy shipyard into an industrial park and has successfully created a thriving ecosystem of creative and manufacturing businesses.

## The Challenge

Across many cities in the United States, post-World War II changes in the structure of international economy and global division of labour shifted the urban economy from production to services. Space-intensive manufacturing businesses were often pushed out of global cities.

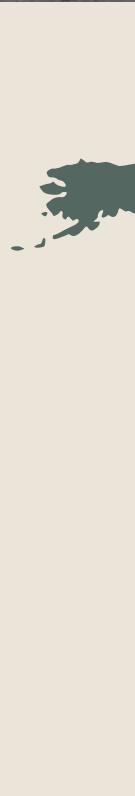
Likewise, New York City experienced deindustrialisation as large manufacturers moved offshore to lower-cost locations. High rents favoured high-end service sectors such as

banking, and low-end service sector jobs such as food service providers.

This was exacerbated by land scarcity and upward rent pressures by competing uses such as office, retail and residential, and urban renewal projects. The result was the emergence of poor neighbourhoods and a lack of good industrial jobs for social mobility. Without stable middle-class industrial jobs, it was difficult for citizens to raise families and retire comfortably.



Lim Hui Ling is an adjunct at the Centre for Liveable Cities.





A neglected building at the Brooklyn Navy Yard.





## The Solution

In order to prevent further hollowing out and the loss of good manufacturing jobs, the city created pockets of spaces to encourage industries to stay.

One of them is the Brooklyn Navy Yard, a former naval shipbuilding facility, that was first converted to an industrial park in the 1960s, and modernised again in the 1990s. Today, the city administration, together with private partners, continues to invest millions to convert warehouses and docks into highly sought-after workspace so as to attract new companies and generate thousands more good jobs.

The Yard is a unique space as it is owned by the city. This prevents ad hoc conversions by private landowners. In addition, successive city mayors have been very consistent in creating a safe haven for industry in the Yard and have mandated the non-profit Brooklyn Navy Yard Development Corporation (BNYDC) to help small industries grow.

The BNYDC charges market rent, but as it is city-owned, leases are property tax-free, and there are no surcharges, e.g. for maintenance of communal amenities, so the effective rent can be up to 25% more affordable than for similar spaces elsewhere.

- 01 Some key developments in the Brooklyn Navy Yard that highlight the physical size and investments of each development, and the number of jobs each creates.
- 02 Mandatory hiring from surrounding zipcodes enables employees to walk to work at the Brooklyn Navy Yard.



“Many of the workers are from the public housing project neighbourhoods in the area and walk to work.”

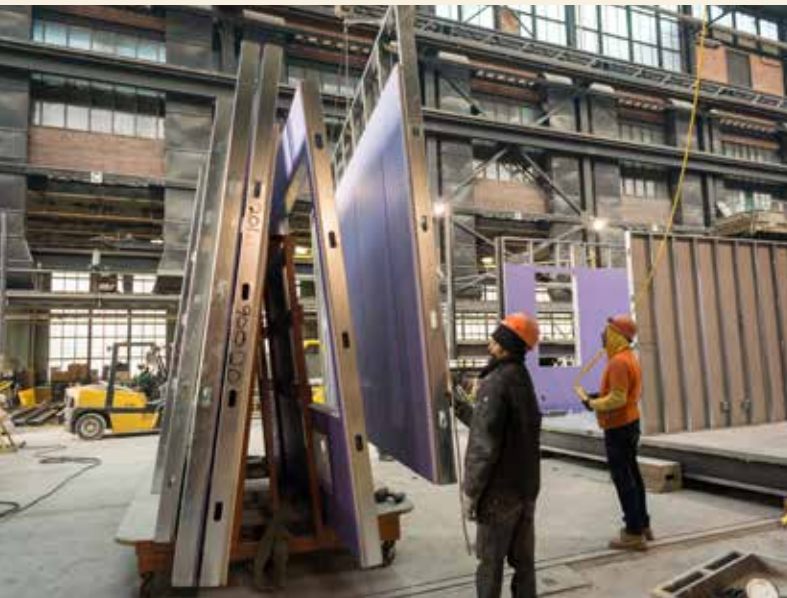




The BNYDC assesses suitable tenants using a potential “jobs per square foot (psf)” metric instead of the ability to pay “rent psf”. The Yard has effectively provided the conditions to support the creative and entrepreneurial activities of small businesses, supporting them in their growth stage, through an assessment of their future job creation potential, and flexible leases, where businesses can start with a small amount of space and then scale up into larger spaces over time, often on-site.

“As a growing landlord, we are creating a dynamic community that is a safe haven where companies can, launch, grow and thrive. But we don’t just create an environment in which jobs can be created, we then work extremely hard to ensure that members of the local community have access to the opportunities we are creating,” said David Ehrenberg, President and CEO of BNYDC.

Businesses in the Yard are mandated to hire a percentage of local residents from the surrounding zipcodes. Many of the workers are from the public housing project neighbourhoods in the area and they walk to work. The on-site Employment Center places over 500 local residents and students into jobs and internships each year. The BNYDC also works closely with educational institutions to ensure that the training prepares students with the skills that are in demand in new manufacturing.



01 David Ehrenberg (left) is reappointed as President and CEO of the Brooklyn Navy Yard Development Corporation by Mayor Bill de Blasio (right) at City Hall on 8 April 2014.

02 Workers manoeuvring a wall in place for modular housing in a factory in the Brooklyn Navy Yard.

03 An illustration of a readapted shipbuilding facility into a network of studios and collaborative work areas for firms and innovators at New Lab, Brooklyn Navy Yard.

04 Handcrafted precision architectural metal fabrication at Ferra Designs.



03

## The Outcome

The Yard has seen dramatic success. Today, it is a modern industrial park with 4 million square feet of space, over 300 industrial businesses hiring 7,000 people. It generates an estimated US\$2.35 billion in annual economic output for New York City.

The Yard's tenants come from a mix of creative and manufacturing industries, including design and prototyping, business incubators, advanced manufacturing using proprietary technology, furniture making, media and entertainment and others.

Many businesses are small operations: a mix of traditional manufacturing and contemporary "maker" production, the latter defined by locally-designed and industrial-made, high-value, customised products that cater to New York's sophisticated urban population.

Artisanal food production also lives in the Yard. Spaces like the Yard provide the affordable rent and security of lease for food manufacturers to stay local.

By creating a protected space for industries, the BNYDC has encouraged small companies to expand without fear of fluctuating rents or uncertainty of tenancy. The Brooklyn Navy Yard is a model



04

of an industrial ecosystem that fosters small industrial business growth, through targeted capital funding, a non-profit oriented developer and property manager, and creative partnerships, which can be economically viable in spite of the land scarcity challenges of a high density urban environment. The future of industry in cities remains promising. 