

After East New York Zoning Change, City Pushes Nearby Job Growth

De Blasio administration invests in industrial business zone in hopes of creating jobs

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Richard G Henning Sr., left, owner of Belmont Metals, oversees the manufacturing of nonferrous metals in Brooklyn's East New York section. The company has been there since the late 1880s.

PHOTO: PETER FOLEY FOR THE WALL STREET JOURNAL

An industrial tract in East New York is the linchpin of a plan by Mayor Bill de Blasio to bring more jobs and affordable housing to one of the city’s poorest neighborhoods.

The de Blasio administration intends to spend almost \$17 million on infrastructure improvements and promote existing grants and low-interest development loans for the 105-acre stretch, one the smallest and oldest industrial business zones in the five boroughs.



EAST NEW YORK INDUSTRIAL BUSINESS ZONE

City officials see the move, supported by community advocates, as a counterpart to a plan approved by the City Council in April that rezoned other parts of East New York for retail shops and apartments. The rezoning calls for as many as 6,000 residential units, with half expected to be rented below market rates.

“No housing is affordable if you don’t have a good paying job,” said Councilman Rafael Espinal, a Democrat who represents the area and encouraged City Hall to come up with the industrial plan. “You have to give residents tools they need to pay their rent.”

The plan focuses on incentives for businesses, such as grants and low-interest loans; redevelopment of the city’s underused properties; expansion of affordable high-speed broadband internet access; transportation improvements such as sidewalk and roadway repairs; and the creation of a free job-training center near the industrial zone.

Once called “Little Pittsburgh” because of its concentration of steel-fabrication companies, the industrial zone is home to 250 businesses and 3,000 jobs in industries such as metal fabrication, transportation and distribution, warehouse, building construction and other types of manufacturing.

The plan aims to attract 250 more companies, generate 3,900 jobs and add 2.7 million square feet of industrial space over the next 15 years.

“We are not trying to re-create a manufacturing industry of 50 years ago,” said Maria Torres-Springer, chief executive of the city’s Economic Development Corporation. “The roads, the broadband—they may not be shiny baubles, but they are important to make sure that this can become a hub.”

Despite the high cost of doing business in New York City, companies in the industrial zone said they stay put for several reasons, including pride in their community, proximity to clients and local markets, and public-transportation options for employees.

Metal-alloys maker Belmont Metals Inc. has been operating at the same site since its founding in the late 1800s by the Henning family. Today, Hennings still run the company; Michael Henning, a fifth-generation family member, is the company’s marketing director.



New sidewalks were being laid along Pitkin Avenue in the revitalized East New York Industrial Business Zone last week. *PHOTO: PETER FOLEY FOR THE WALL STREET JOURNAL*

“We have been here for 120 years,” Mr. Henning said. “We have a lot of pride in this business and its location.”

The city is marketing East New York’s industrial zone as a cheaper alternative to Brooklyn’s other industrial zones. Average rent is \$12 a square foot, compared with \$16 to \$25 a square foot in industrial zones in such neighborhoods as Dumbo, Gowanus and Williamsburg, according to the city.

The city estimates industrial properties in the East New York industrial zone are selling for about \$150 a square foot. So far in 2016, industrial property sales in Brooklyn averaged \$295 a square foot, according to data from real estate services firm Cushman & Wakefield and real-estate research company CoStar Group Inc.

The East New York properties are generally smaller than the big-box buildings found off New Jersey highways, making them a good place for smaller businesses and startups, said Stan Danzig, executive vice president at Cushman & Wakefield.



Workers at DLX Industries Inc. produce business accessories in East New York. *PHOTO: PETER FOLEY FOR THE WALL STREET JOURNAL*

“So the good news is it can become a breeding ground for small companies to grow,” Mr. Danzig said.

The city’s plan to make transportation improvements and expand internet access will help businesses in the industrial zone stay competitive, company executives said.

Mark Stewart of DLX Industries Inc., which makes promotional products, also believes the rezoning for apartments is a good thing because it could increase the pool of qualified job candidates and provide affordable homes for workers.

About 20% of all workers in the zone live in East New York or the surrounding neighborhoods of Brownsville and Ocean Hill, according to the city.

“There are some housing projects that are nearby, but there is also a lot of industrial and commercial businesses,” said Mr. Stewart, who is DLX’s president. “Bringing some moderate-income housing to the area would help us.”

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