

TESTIMONY OF ANDREW KIMBALL
CITY COUNCIL PUBLIC HEARING
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Cover (pg1)

[click to campus w/ skyline\(to pg2\)](#) Good morning. My name is Andrew Kimball and I'm CEO of Industry City.

We are here today after almost seven years of listening, engaging, planning, investing, rebuilding, and opportunity-generating to ask you to **approve** adjustments to outdated zoning regulations that will facilitate and expand the already unprecedented private sector rebirth of a massive, long-dormant industrial campus on the Brooklyn waterfront.

[Click\(to pg3\)](#)Your approval will generate **real** benefits for Sunset Park and the City of New York:

- more than 20,000 jobs
- \$1 billion in private investment
- the largest private sector commitment to preserve manufacturing
- and \$100 million in annual tax revenue.

Even as the COVID-19 pandemic continues to touch so many lives, the economic impact is already clear. One in five New Yorkers have lost their jobs, and the City faces the largest budget deficits in history.

Approving this plan – the only viable job plan to come before the City Council since the pandemic began, and the only plan of this magnitude that is likely to reach the Council before this term expires – will send a clear message that business and investment are welcome in New York City.

[Click\(to pg4\)](#)While unprecedented in many ways, the reactivation of Industry City mirrors other successful initiatives.

Brooklyn is home to three massive industrial complexes on the waterfront: the City-owned and managed Brooklyn Navy Yard and Brooklyn Army Terminal and the privately-owned Industry City.

For the past 15 years, I have devoted my career to reactivating two of these facilities. I am proud to say that with teams of incredibly talented people, we've been able to achieve something remarkable:

- an uptick in Brooklyn-based manufacturing for the first time in decades;
- and, by working with mostly small businesses and dream-chasing entrepreneurs, the creation of tens of thousands of jobs.

Prior to joining Industry City, I led the Navy Yard redevelopment for 8 years, turning a long-abandoned, underutilized eyesore into a national model for urban industrial adaptive reuse.

[Click\(to pg5\)](#) By embracing the Innovation Economy – the broad range of businesses and jobs that go into making physical, digital or engineered products – while relentlessly focusing on local workforce development opportunities, we were able to attract \$250 million in public funding that in turn leveraged over \$1 billion in private funds. And now the City is doubling down on its success at the Navy Yard while also investing significantly at the Brooklyn Army Terminal.

[Click\(to pg6\)](#)

In 2013, I joined a new ownership group at Industry City who are committed to bringing the long-decrepit, underutilized complex back to life with a similar focus on the Innovation Economy and local engagement and opportunity.

While the Navy Yard and Industry City have similar histories, and both are meant to accommodate the same segments of New York's economy, there is one big difference: as a private property, government funding cannot and should not be used to rebuild Industry City.

[Click\(to pg7\)](#)

But government did show what was possible and set the challenge to the private sector: build an economic future for New York that is inclusive, community-centric and achievable *without* the expenditure of taxpayer dollars.

To achieve success was going to take private investment at a truly unprecedented level. [Click\(to pg8\)](#) And at Industry City, that started by pumping 20 million gallons of water

left by Superstorm Sandy out of the buildings' basements while investing in infrastructure that had been allowed to crumble for generations;

[Click\(to pg9\)](#) rebuilding basic systems like plumbing, electrical, and elevators.. [click\(to pg10\)](#) to make the campus resilient in the face of climate change

[Click\(to pg11\)](#) replacing broken windows with 15,000 energy-efficient windows,

[Click\(to pg12\)](#) adding 55 new loading docks and

[Click\(to pg13\)](#) installing pedestrian-friendly, elevated sidewalks.

The adaptive reuse of 16 historic buildings for their original industrial-commercial purpose is now one of the largest and most environmentally sustainable projects in the country.

I brought and applied to Industry City everything I learned at the Brooklyn Navy Yard, including where to start: by listening.

[click\(to pg14\)](#)

At Industry City, before a single architect or planner was hired, before any design was drawn, and before we landed on a plan, we listened.. [Click\(to pg15\)](#) – to the community, to tenants that already were in place, to neighborhood service providers and not-for-profit organizations, and to elected officials and agency representatives. [Click\(to pg16\)](#)

I knew that nothing would be achieved unless real partnerships were forged, and meaningful ways to gather and incorporate community input were not only developed but actually used.

[Click\(to pg17\)](#) We invited people to come tour our campus and asked [click\(to pg18\)](#) if we could come visit with them. We surveyed area businesses, went door-to-door to meet area residents, brainstormed and swapped [click\(to pg19\)](#) ideas with dozens of organizations, and studied existing data and plans to explore a way forward.

What we found was remarkable.

[Click\(to pg20\)](#) Historically, the economic vitality of Sunset Park and other surrounding neighborhoods has been tied to the activities within the 16-building campus.

At peak activity levels in World War II through the early 1960's, more than 25,000 people worked at Industry City and Sunset Park thrived as a working-class neighborhood with thriving retail strips and waterfront shipping.

[Click\(to pg21\)](#) We also learned what many in the community already knew first-hand. As World War II ended and manufacturing began its long decline, Sunset Park suffered. But people didn't give up; they had a vision for what the waterfront could become, and how it could give the rest of the area the boost it needed.

[Click\(to pg22\)](#) That vision became a plan, specifically CB7's 197A plan. ***And that plan became the foundation of our plan, the basis of how we would reactivate Industry City.***

In studying the 197A plan, and in all of our conversations, the number one thing we heard, and I would say heard loud and clear, is that we, the private owners, should do everything we can to create opportunities for our neighbors.

[Click\(to pg23\)](#) **People needed jobs and local entrepreneurs wanted to be nurtured.**

[Click\(to pg24\)](#) So we launched the Innovation Lab – the first such facility to be started by a private landlord in New York City. [Click\(to pg25\)](#) The area's elected officials at every level stepped up to support it, and community-based organizations and NYC colleges and universities became our partners.

[Click\(to pg26\)](#) Now, more than 5,000 area residents have been trained, served as interns, been placed in jobs, received support for new businesses or otherwise benefited from Innovation Lab.

[Click\(to pg27\)](#) **Makers wanted places to make things and manufacturers needed room to grow.**

[Click\(to pg28\)](#) To meet this demand, we transformed wide-open warehouse floors into small workshops where artists and innovators could make and sell their products. In fact, our range of businesses is so diverse, we literally have the butcher, baker and candlestick maker on our campus.

[Click\(to pg29\)](#) To help New York remain a viable option for manufacturers of all kinds, we built spaces for garment companies, distilleries, jewelry makers and many others.

And now, we are prepared to make the largest private commitment to the preservation of manufacturing in New York City's history.

Click(to pg30) Nearby retailers, service providers and contractors wanted to do business with us.

Click(to pg31) We also aggressively sought participation by local contractors, Click(to pg32) with more than \$100 million of the \$400 million already invested spent at area businesses.

Click(to pg33) And local residents wanted access to local events and amenities in their neighborhoods and our tenants wanted to be engaged, not just with each other but with the broader Sunset Park community.

Hundreds of community events have taken place at Industry City, often in collaboration with our tenants.

Click(to pg34) And when the COVID pandemic devastated our communities we collaborated with our tenants to produce PPE for local hospitals and provide food donations to local food pantries.

Click(to pg35) All of this was done because we listened and because we know our future and that of the local community are fully linked. We only succeed if Sunset Park and the City of New York succeed.

Moreover, between the time we originally shared the plan some 6 years ago and the start of ULURP, substantial changes were made to reflect input we had received. For instance, our original plan included dorms, but some community members and elected officials were concerned that was too strong a step toward residential development – so we eliminated them.

And now, despite the important role that business hotels and conference space play in successful innovation districts across the country, we are prepared to drop that element of our plan.

Industry City has come alive over the last six years thanks to hundreds of local entrepreneurs and small businesses who have embraced our vision.

[Click\(to pg36\)](#) Employment has grown from 1,900 to 8,000. New businesses have grown from 150 to some 500. \$400 million has been invested. 1 of 5 people who live and work in Sunset Park are now working at Industry City.

[Click\(to pg37\)](#) Key sectors of growth have mirrored those we counted on for the rebirth of the Navy Yard...design, engineering, film and media, tech and art. Over 80% of our companies have fewer than five employees and operate out of spaces smaller than 2,500 square feet.

[Click\(to pg38\)](#) Many companies at Industry City utilize some element of production or light manufacturing. In fact, today we have more manufacturing at Industry City than at any point in 40 years.

[Click\(to pg39\)](#) In the limited capacity in which they are allowed under current zoning, CUNY City Tech, NYU Tandon, RPI, St. Francis, and Parsons all have outposts at Industry City. [Click\(to pg40\)](#) Scores of partnerships and programs have been established with local high schools as well as with middle and elementary schools.

[Click\(to pg41\)](#) Other key elements to the success of Industry City to date, and to other successful Innovation Districts are:

First, proximity of innovation economy businesses – including manufacturing – to academic institutions and workforce development entities, resulting in internships, guest lectures, partnerships and technology transfer;

[Click\(to pg42\)](#) **Second**, common and open spaces which encourage networking and community building, and; Third, retail, entertainment, and wellness amenities.

[Click\(to pg43\)](#) So why is the rezoning needed?

Outdated land use rules, created some 60 years ago for the days of the smokestacks, are restricting our ability to grow in ways that best support local small business, job creation and academic pathways. We need a zoning framework that supports the industrial, manufacturing and innovation economy companies competing in the ***economy of 2020, not 1960.***

For instance, because we can't have academic classrooms, we are only scratching the surface of what we can achieve by integrating colleges and universities into the campus to maximize the creation of onramps to the jobs of today and the future.

This is already happening at similar campuses across the country. Innovation Economy districts in Philadelphia, Pittsburgh and Boston have embedded elements of such schools as Penn State, Carnegie Mellon and Babson College, UMass and Northeastern. Close to home, at the Brooklyn Navy Yard, Brooklyn College opened the first school of cinema embedded in a working studio lot.

Academic collaborations at Industry City have begun – and will really flourish with the new zoning framework in key innovation economy industries such as film and media, design, engineering, and green energy. For example, through a joint venture with Red Hook Container Terminal and in partnership with the City and State we are working to bring the offshore wind industry to the South Brooklyn Marine Terminal just across the street from Industry City. Many of the companies operating on SBMT will also take space in our buildings for office, R&D and support space. Local high schools, colleges and universities will be key players in not only in filling the hundreds of green jobs on SBMT but also working on R&D and other initiatives that advance the offshore wind industry, pioneering the green jobs of the future

But that is far from the only reason this rezoning is needed. The inability to lease to larger retail tenants limits our ability to draw people to a location that does not have and ***will not have housing***. Shoppers at larger stores on our campus will, in turn, support the scores of small businesses that are both maker and retail that have opened at Industry City under the existing zoning.

Finally, the inability to build on vacant and adjacent properties limits our ability to serve the broadest set of innovation economy tenants, particularly those that need high ceilings and column-free space. The tremendous success of the new Building 77 at Brooklyn Navy Yard has proven the incredible value of and demand for such space.

The new zoning will allow us to lease faster, creating more jobs and provide the returns necessary to build out a commercial-industrial campus that is 100% privately financed.

The alternative as-of-right strategy will create far fewer jobs and forfeit the dynamic academic collaborations we propose. It will also force us to look more closely at the highest-return opportunities available in M3 zones today...namely pure office and last-mile warehouse distribution. While it certainly has not been our leasing strategy to date, last-mile warehouse pays more and is growing faster than any other industrial use in the city right now.

For all of us who love this City, these are challenging times. Unfortunately, overheated rhetoric and unfounded accusations that aren't supported by the facts continue to be

offered about this project – even by some people whose commitment to remain uninformed has included an absolute refusal to visit Industry City or engage in meaningful dialogue.

[Click\(to pg44\)](#) Given what you may hear today, I also am going to take the opportunity to directly address some of what we've heard and what you may be hearing today from people who oppose this plan.

Gentrification is real, and it needs real solutions. It is in fact happening in Sunset Park and in many other areas of New York. But there is no evidence linking the creation of jobs at Industry City to gentrification in the neighborhood.

In fact, rents and housing prices and other objective indicators of gentrification show that the rate of gentrification of Sunset Park is occurring at a similar pace in the years after 2013, when we began to bring jobs and businesses to Industry City, as in the years before we began that revitalization. In other words, there was no spike in gentrification as a result of our investment.

Regardless, the answer is not to kill jobs but to create jobs and ensure that local residents have access to them. The answer to gentrification is also to build affordable and workforce housing near to where jobs are being created. That will require local leadership that supports greater density on sites near Industry City.

And on jobs, we've heard that those opposing this plan insist the jobs that Industry City tenants are creating won't benefit area residents. But here again, all of the evidence – factual and anecdotal – says otherwise.

Today, if you live and work in Sunset Park, chances are you work at Industry City. That's because 20 percent of the people who live and work in the neighborhood work at Industry City – more than anywhere else. 35 percent of the 8,000 jobs at Industry City are held by people from the surrounding neighborhoods and nearly 70% by people who live in Brooklyn.

We've also heard calls for the preservation of this site for green jobs. And again, we are happy to say that Industry City and our partners directly across the street at SBMT are creating the city's largest hub of green manufacturing as we undertake one of the nation's most significant adaptive reuse projects centered on bringing historic but decrepit buildings back to life.

We've heard that Industry City's vision is not compatible with the community's vision and the "true voice" of the neighborhood is opposed to this plan. As I have already demonstrated, our plan mirrors the Community Board's 197A Plan. And a careful look at the record would show that the Community Board's Land Use Committee did support the plan.

We've also heard that a plan of this scale should be considered as a public application, and that the city should devote resources to its fullest implementation. While we agree that the city should address the need to upgrade the area's infrastructure, I think it's worth reminding everyone that this is a private application and covers privately-owned property. That is different from area-wide rezonings where the city puts forward a plan to rezone large sections of a neighborhood with properties owned by numerous private interests and individuals and almost always includes public land.

And we've heard that there is no way to lock in all these promises to ensure they come to pass.

Our promises are real, and our 7-year track record has proven that.

However, area stakeholders are right to be uncertain of what any entity will do in the future. That is why we are willing to lock our commitments into an enforceable CBA that binds the property – no matter who owns it – into certain commitments. These include preserving manufacturing space as we take advantage of retail and new building we can't do today. It means not fully unlocking our ability to add new retail and new buildings until we have demonstrated that jobs are going to local residents.

We know you'll hear criticisms like those I mentioned from many people waiting to testify today.

[Click\(to pg45\)](#) But you'll also hear from manufacturers who came to Industry City so that New York City could have one final chance at keeping them – and the jobs they create – before they moved to another state.

[Click\(to pg46\)](#) You'll hear from business owners who grew up in Sunset Park and still find it hard to believe that they are achieving their [click\(to pg47\)](#) version of the American dream in the neighborhood they love and still call home... [click\(to pg48\)](#) and from others who have been here for decades, through the tough times, and are a testament to the area's tenacity.

[Click\(to pg49\)](#) From a curious passerby who noticed a banner on the side of the building where Innovation Lab is and now has a job as a senior manager of a company manufacturing eyeglasses...

You'll hear from people who were born in Sunset Park, still live there and are counting on this plan to help the neighborhood become a place full of opportunity for their children.

Where people have a chance to get the education they need, a waterfront they want and a future that is not only full of hope – but provides real promise.

[Click \(to pg50\)](#)

And because New York City's economic future is on the line, you'll hear from civic leaders and people from organized labor, and from community organizations who never gave up on New York.

So many refused to give up in the 70's when we were on the brink of bankruptcy or in the 80's when crack and AIDS threatened our future or at any other time of crisis.

And they refuse to do so now when so many others have declared New York has met its demise.

They will tell you what is at stake, and that your approval will help New York recover from the nightmarish situation that confronts us.

Thank you for your consideration.

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