

Betting Big on Development: Williamsburg and Greenpoint Since 2005

Supervised Research Project

Submitted in partial fulfillment of the Masters of Urban Planning degree

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Abstract

Since the 1990s, the Brooklyn neighborhoods of Williamsburg and Greenpoint have experienced rapid gentrification, as artists and professionals moved into what was previously an industrial and working-class residential area. In 2005, the City of New York rezoned much of the area, allowing high-rise residential buildings to be built on formerly industrial land and establishing several market-based programs to create new open space and affordable housing. Since the rezoning, new housing has been developed, a new waterfront esplanade has been built, rents have increased, and the Hispanic population has dwindled. In this report, I place the changes in Williamsburg and Greenpoint into a larger context of economic restructuring and gentrification; I describe the narrative of how policy changes were created; I analyze the impact of those changes; and I derive lessons and implications from the process. To achieve this end, I consulted New York City documents, scholarly works, demographic data, and economic data. I also interviewed over twenty stakeholders about the policies and changes in the area. The research showed a surprising amount of consensus around the idea that the strong demand for housing could be harnessed through the rezoning to benefit existing residents. The way stakeholders perceived timeframes was also interesting, as most cited short-term difficulties in their critiques of programs they opposed but focused on the long-term benefits of programs they favored. Due to several negative and unintended effects of the policies in Williamsburg and Greenpoint, large-scale neighborhood change in New York City and elsewhere should include comprehensive planning when large-scale zoning changes are proposed. As was done in the area, housing and open space programs can be created to capitalize on strong housing demand before that demand emerges. Finally, in largely built-up cities, neighborhoods where new housing can be developed should aim to develop the maximum density possible, as land is only becoming scarcer and higher densities are often difficult to achieve.

Depuis les années 1990, les quartiers Brooklyn, Williamsburg et Greenpoint de la Ville de New York ont connu une gentrification rapide. Les artistes et les professionnels se sont emménagés dans ce qui était une zone industrielle et résidentielle de la classe ouvrière. En 2005, la Ville de New York a apporté des modifications au zonage d'une grande partie du secteur, ce qui a permis la construction de bâtiments résidentiels en hauteur sur des terrains anciennement industriels. Ces changements ont été apportés en concertation avec plusieurs programmes déterminés par le marché incitant l'aménagement de nouveaux espaces ouverts et la construction de logements abordables. Depuis le changement de zonage, de nouveaux logements ont été développés, une nouvelle esplanade riveraine a été aménagée, les loyers ont augmenté et la population hispanique a diminuée. Dans ce rapport, je situe les changements à Williamsburg et à Greenpoint au sein des thèmes plus larges de la restructuration économique et de la gentrification; je décris le discours entourant les changements apportés aux politiques; j'analyse l'impact de ces changements; et je ressors les leçons et les conséquences de ce processus. Pour aborder ces thèmes, j'ai consulté des documents publics de la Ville de New York, des articles académiques et des données démographiques et économiques. De plus, j'ai mené des entretiens avec vingt parties prenantes pour en connaître davantage sur les politiques et les changements survenus dans les quartiers concernés. Cette recherche démontre, entre autres, qu'il y a un consensus important autour de l'idée qu'une forte demande pour des logements pourrait être exploitée par le biais d'un changement de zonage au profit des résidents actuels. Les perspectives des parties prenantes quant à l'échelonnement des programmes étaient intéressantes, car la plupart des gens ont cité les difficultés à court terme des programmes auxquels ils s'opposent, mais les avantages à long terme des programmes qu'ils favorisent. Une des leçons ressortant des cas de Williamsburg et de Greenpoint est que tous les changements de zonage de grande envergure prévus pour les quartiers de New York doivent être effectués dans le cadre d'une planification d'ensemble. Comme il a été fait précédemment dans le secteur, des programmes incitant l'inclusion de logements abordables et d'espaces ouverts peuvent être mis en place afin de profiter d'une forte demande de logements avant même que cette demande survienne. Finalement, étant donné de la rareté des terrains vacants dans plusieurs villes et des bénéfices de la densité urbaine, les quartiers abritant une capacité d'accueillir de nouveaux logements devraient être développés à la densité maximale permise.

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I. Introduction

This report describes the changes to the neighborhoods of Williamsburg and Greenpoint since the rezoning in 2005 and the 421-a housing policy changes that took effect in 2008. In the report, I describe the context of economic restructuring and gentrification in which the policies were enacted and the process of creating them. I look at how the area has changed since the policies were enacted and how important actors perceive those changes. Finally, I develop lessons for other decision makers based on what has happened in the area.

I.A. Impetus and Relevance of Research

My interest in Williamsburg and Greenpoint goes back about six years. I was first introduced to the neighborhoods when I worked for a local non-profit, Ridgewood-Bushwick Senior Citizens Council (RBSCC) in Bushwick in the summer of 2006. I had been studying engineering at Columbia University, and I was becoming more and more interested in cities and urban planning issues during my time there. Bushwick is just east of Williamsburg, and many of the people working at RBSCC were Hispanic and lived in Williamsburg. It was fascinating to hear their reactions to the changes to the area—reactions that spanned a wide range of emotions and perspectives. Some felt as though new residents were not respectful of established norms and were invading their neighborhood. Others welcomed the changes and the diversity these new neighbors brought to the area. Some benefitted from new affordable housing on the waterfront that had recently been completed. Others experienced ever-increasing rents. This discrepancy fascinated me, and I wanted to know more.

While living in New York City, I also became intimately aware of the process of gentrification, as I was often on the front lines of it. Having just graduated, I wanted to live near friends and near work, but I could not afford to live in many more desirable areas. Instead, I moved into the poorer and heavily minority districts and shared apartments with other young people in similar situations. I often saw my neighborhood add expensive stores and restaurants that were beyond my budget as an entry-level engineer. I could only imagine what families struggling to make ends meet must think of these changes. As neighborhoods changed, I often became priced out myself. I wanted to know more. Why was this happening? What was the city doing about it? Were those policies working? What do these changes mean for the future of New York City and elsewhere?

All of these questions come together in the neighborhoods of Williamsburg and Greenpoint (Figure 1). Gentrification is rapidly changing these neighborhoods. The economy has been transitioning away from manufacturing for decades. New policies have been implemented to provide more affordable housing. High-rise buildings have been built along the waterfront, including new affordable housing. New stores have opened. It has been over 20 years since the local Community Board first set out to create a plan for their waterfront and over seven years since the most sweeping zoning overhaul of the Bloomberg administration completely changed what was allowed to be built in the area. The rezoning involved a series of negotiations, played out in the media, on blogs, in community meetings, and among elected officials. The intense scrutiny that the changes received made this a well-known project. It also involved many policies, which had not been tried before in New York City. I wanted to find out exactly what happened in Williamsburg and Greenpoint since 2005, who made it happen, what their motivations were, what the impacts were, and what we can learn from the process. I present my findings in the following pages.

My report is highly relevant to the field of Urban Planning because it highlights unexpected details that are often lost in the analysis of large projects. By questioning many stakeholders about the development process, my research shows a more nuanced relationship among them than is typically assumed. The instances of agreement among opposing actors can help policy makers develop programs that are acceptable to a wider range of stakeholders. Instances of disagreement among groups typically allied with each other show the variety of opinions and the importance of small details in large-scale projects. My research highlights problems with existing policies and provides insight to help other policy makers avoid similar issues. In my research, I give an early assessment of policies that have not been widely tested, showing what has worked, what has not worked, and what should be assessed further. While the time frame for this assessment is admittedly short, it has proven quite instructive to speak to those involved with the rezoning while the details of the process remain relatively fresh in their memories. Through this research, I also provide a follow-up to the series of academic articles written when the rezoning was being publically negotiated and debated. Through the background on gentrification and economic restructuring, this report provides a framework for evaluating the consequences of the continued implementation of such policies in New York City and elsewhere, by placing them in a larger context. Finally, by collecting information in a central place, my report provides a starting point for further research into changes in Williamsburg and Greenpoint.



Figure 1. Location of Greenpoint and Williamsburg within New York City

Source: U.S. Census Bureau

I.B. Research Objectives

My research has four objectives. The first objective is to place the neighborhood changes in Williamsburg and Greenpoint into a broader context of economic restructuring and gentrification.

Meeting this objective involves understanding how and why economic restructuring and gentrification have occurred and how they have affected New York City. With this knowledge, the changes in Williamsburg and Greenpoint can be compared to similar changes in other parts of New York City. The second objective is to create a narrative of recent changes in the area. This means documenting the events leading up to the rezoning and housing policy changes, the process of creating the two policies, the details of the policies themselves, and subsequent changes in the area. The third objective is to understand the impacts of recent changes in Williamsburg and Greenpoint. Meeting this objective involves examining changes in area demographics as well as changes in stakeholder perspectives about the area. It also involves a re-examination of the underlying causes of change. The fourth objective is to discover the lessons that have been learned from the process of change and to develop recommendations for policy makers and planners in New York City and elsewhere. In short, through my research, I hope to answer the following four questions:

- 1) What was the economic restructuring and gentrification context in which change occurred in Williamsburg and Greenpoint?
- 2) What happened in the area leading up to the policy changes, during the policy creation, and afterwards?
- 3) What impacts have the changes had, both in the area and beyond?
- 4) What lessons can planners and policy makers learn from what happened?

I.C. Methodology

To accurately place the events and policies that occurred in Williamsburg and Greenpoint since 2005 in a broader context requires first establishing that context. To do so, I examine relevant academic literature in Chapter II on the two primary forces—economic restructuring and gentrification—that affected Williamsburg and Greenpoint and their history in New York City since 1960. I base the description of economic restructuring on several books highlighting economic changes in New York City, most notably Saskia Sassen’s seminal work *The Global City: New York, London, Tokyo*. Information on gentrification in New York City is based on several academic sources including *Loft Living*, an examination of residential incursion into Manhattan manufacturing districts, *The Invention of Brownstone Brooklyn*, an early history of gentrification in Brooklyn, and *There Goes the ‘Hood*, a detailed study of the effects of recent gentrification on individuals in two New York City neighborhoods. This background provides

some academic analysis of the effects those forces have had on other parts of the city, which allows for comparison with the changes in Williamsburg and Greenpoint.

To create a narrative of the recent changes in the Williamsburg and Greenpoint area requires several steps. First, I describe the history of the area up to 2003 in Chapter III, including the events that preceded and provided impetus for the rezoning and housing policy changes. To do so, I researched available documents from a variety of sources, including government documents describing designated historic districts, neighborhood plans for the area, and the 1994 Plan for the Brooklyn Waterfront. Next, I describe the process of creating the waterfront rezoning and new housing policies, the details of the policies themselves, as well as other changes to the area in Chapter IV. To do so, I consulted publically available documents and studies about the policy changes and several academic articles written about the rezoning. Many of the City's documents regarding the policies are available on the Department of City Planning and the Department of Housing Preservation and Development websites, as of this writing. City documents describe the official City goals of the rezoning as well as details of the 421-a changes. The main source of data, however, is a series of personal interviews with stakeholders who were involved in the process of policy creation. The interviews aimed to understand the perspectives of those with the most direct influence over policy decisions. They were targeted at a wide range of actors, including major property developers, local elected officials, leaders of major community organizations, and members of relevant city agencies. The interviews provided details about the history of the two neighborhoods, the process of policy creation, and the perspective of each stakeholder concerning the recent changes to the area.

To understand the impact of the changes, I first assess the changes themselves based on a variety of sources and perspectives, in Section A of Chapter V. In this analysis, I use Government survey data to establish a basic set of facts about recent demographic changes in the two neighborhoods, including changes to population, racial composition, income, and employment. The data are from the 1990, 2000, and 2010 U.S. census and the annual American Community Survey. To provide further detail, I also examine data from the New York City Housing and Vacancy Survey, conducted every three years, which provides the most fine-grained data about New York City housing. Several other studies, newspaper articles, and journal articles are also used to compile relevant information. The numerical data is supplemented with responses from the interviews, described above, to show how stakeholders perceive changes in the area. Additional stakeholders, who were not involved in the policy creation but are currently involved in the area, were interviewed to provide further knowledge of

policy outcomes. While not all subjects contacted were available for interviews, the vast majority of them were, giving this research a broad perspective. In instances where fewer stakeholders were available or less influential or knowledgeable representatives were available, I weighed their opinions with care, in order to avoid over-representing a small group or a less-informed voice.

The analysis of implications in Sections B and C of Chapter V, including a look at the broader meaning of the policies and the lessons learned, is also based primarily on stakeholder interviews. I present a series of findings and recommendations, relating to Williamsburg and Greenpoint and planning practice in general, in Chapter VI. In this conclusion, I take a broader look at all of the preceding information, including the context for change, the study area history, the policy creation, and the impacts on the study area.

I.D. Interview Subjects

As mentioned above, the primary source of information in this report was a series of interviews. This section provides a brief description of each interview subject and their role in the area.

Leah Archibald is the current Executive Director of EWVIDCO, a non-profit organization that assists local manufacturing businesses within the Greenpoint-Williamsburg and North Brooklyn Industrial Business Zones. EWVIDCO was founded in 1981 by St. Nicks Alliance, and was initially known as the East Williamsburg Valley Industrial Development Corporation.

Martin Dunn is the President of Dunn Development Corporation, which develops affordable housing in New York City. Dunn Development developed Palmer's Dock, the affordable housing component of the Northside Piers site.

Jonathan Fair and *Matthew Feldman* both work for Douglaston Development, the developer of the Edge. Matthew Feldman is a Vice President and Development/General Counsel and has worked for Douglaston since 1999. Previously, he worked at Ridgewood-Bushwick Senior Citizens Council, a non-profit housing organization and affordable housing developer. Jonathan Fair is a Senior Vice President and has worked for Douglaston since 2005.

Michael Freedman-Schnapp has been the Policy Director for City Councilmember Brad Lander since 2009 and was a co-chair of Neighbors Allied for Good Growth from 2007 to 2010. He was

involved in research and advocacy regarding industrial businesses during the 2005 rezoning of Williamsburg and Greenpoint.

Peter Gillespie is the Executive Director of the organization Neighbors Allied for Good Growth, formerly known as Neighbors Against Garbage, which successfully opposed the location of a waste transfer station in Williamsburg and now advocates for the reclamation of the Williamsburg waterfront and local decision-making.

Alison Hirsch joined the staff of State Assemblyman and Housing Committee Chair Vito Lopez in 2003 and served as his Chief of Staff from 2004 to 2006. Since 2007, she has worked as the Assistant and then chief Political Director of the Service Employees International Union, Chapter 32B.

Frank Lang is the Housing Director at St. Nick's Alliance, a non-profit community organization and affordable housing developer that was founded in 1975. Mr. Lang has been working at St. Nicks Alliance since 2006.

Steve Levin is the current City Councilmember representing the 33rd District of Brooklyn, which covers Greenpoint, Williamsburg, Park Slope, Boerum Hill, Brooklyn Heights, DUMBO, and Vinegar Hill. He was elected to office in 2009. Previously, he served as Chief of Staff to State Assemblyman Vito Lopez, beginning in 2006.

Richard Mazur is the Executive Director of the North Brooklyn Development Corporation, a non-profit community organization and affordable housing developer in Greenpoint. Mr. Mazur helped found the organization in 1979 and has worked there ever since.

Rami Metal is the Legislative Director for City Councilmember Steve Levin. From 2008 to 2009, he served as the Community Liaison for City Councilmember David Yassky.

Ron Moelis is the Chief Executive Officer and co-founder of L+M Development Partners, one of the developers of Northside Piers. He is also the Vice Chairman of the New York State Association for Affordable Housing.

Justin Moore is a Senior Urban Designer at the Brooklyn office of the New York City Department of City Planning, where he has worked since 2005. Mr. Moore was involved in the 2005 rezoning and subsequent rezonings in Williamsburg and Greenpoint.

Regina Myer was the Director of the Brooklyn Office of the Department of City Planning from 1999 to 2006. She guided the 2005 rezoning of Williamsburg and Greenpoint. Currently, she serves as the President of the Brooklyn Bridge Park Conservancy.

Rabbi David Niederman has served as the Executive Director and president of the United Jewish Organizations (UJO) since 1989. UJO is a non-profit community service organization, founded in 1966, which serves the Jewish communities of Williamsburg, Clinton Hill, and Bedford-Stuyvesant.

David Pagan was the Chief Executive Officer of Los Sures from 1984 to 2009. Los Sures is a non-profit community service organization and affordable housing developer, serving the Williamsburg area since 1975.

Antonio Reynoso has been the Chief of Staff to Councilmember Diana Reyna since 2007. Councilmember Diana Reyna has served in the New York City Council since 2002, representing the 34th District, which includes Williamsburg, Bushwick and Ridgewood, Queens.

Michael Slattery is a research associate at the Real Estate Board of New York, a 12,000-member organization that advocates on behalf of businesses and professionals in the New York City Real Estate industry.

Arden Sokolow was a Policy Analyst at the Director of Inclusionary Housing at the Department of Housing Preservation and Development, New York City's affordable housing development agency, during the 2005 rezoning of Williamsburg and Greenpoint. In 2006, she was promoted to Director of Inclusionary Housing, and remained at HPD until 2011. Currently, she works for Forsyth Street Advisors, a real estate finance consulting firm.

David von Spreckelsen is the current Division Director at Toll Brothers City Living, a real estate developer. In 2004, Mr. von Spreckelsen started the New York City Division of Toll Brothers, which helped to develop the Northside Piers site.

David Yassky represented the 33rd District in the City Council from 2002 to 2009. His district included Greenpoint, Williamsburg, Park Slope, Boerum Hill, Brooklyn Heights, DUMBO, and Vinegar Hill. Currently he is the chairman of the New York City Taxi and Limousine Commission.

II. Literature Review: Economic Restructuring and Gentrification in New York City

To understand the changes that occurred in Williamsburg and Greenpoint, it is important to understand the context in which they occurred. While a number of different areas experienced change, including politics, urban form, housing, jobs, and open space, the purpose of the literature review is to provide a background on the underlying forces that drove the changes in the neighborhoods; forces that extend beyond city limits and local policies. This chapter focuses on two forces: economic restructuring and gentrification. Economic restructuring refers to the shift from a manufacturing-based economy to a service-based economy. Gentrification refers to the process in which wealthier residents move into less wealthy urban areas, increasing the cost of housing, and sometimes displacing existing residents and businesses. These forces, which entered the public consciousness after 1960, are highly related, and while the following sections address them separately, there is necessarily a fair amount of overlap. Obviously, these are not the only forces at play in the changes that occurred in Williamsburg and Greenpoint, as changes to the political climate and societal values among others, have also affected the area. However, since economic restructuring and gentrification affect and involve nearly all other changes, the literature review focuses on how they affected New York City since 1960.

II.A. Economic Restructuring

This section examines the relevant literature of economic restructuring since 1960, focusing on the global forces that caused the shift from a manufacturing economy to one based on services, and the results of that shift in New York City. In 1960, 31 percent of all jobs in the New York metropolitan area were in manufacturing (Abu-Lughod, 1999). By 2009, the percentage of manufacturing jobs had plummeted to just three percent (U.S. Census Bureau). Between 1963 and 1973, 9 out of 10 new jobs created were in the middle-income bracket, but between 1973-1983, that number fell to 5 out of 10, a trend that has continued into the new millennium (Sassen, 2001). In New York City, these changes have had a dramatic effect on the demographics of the city and the spatial arrangement of its populations.

New York City has played a central role in the economy of the United States since before its founding. The City's place as the largest and most important economic center of the country was solidified with the opening of the Erie Canal in 1812. Since then, the City grew as one of the most important ports in the United States, a center of many types of manufacturing, the primary

hub of corporate headquarters, and, especially after World War II, a global capital of finance and culture.

By 1960, the economy of New York City was a mixture of manufacturing, finance, and services. Manufacturing, and the city itself, had grown dramatically at the end of the 19th century and the beginning of the 20th century, powered by a steady influx of immigrant workers, who were willing to work for low wages. The strategic port and strong distribution network made it a critical location for the headquarters of large international firms. After World War II, New York City became a bastion of unionized labor. The unions fought for and won better wages as the battered economies of other countries were not able to compete, and severe immigration restriction limited the supply of low-wage labor. Indeed, as late as the 1970s, strong unions were able to ensure that the overwhelming majority of new jobs in New York City were in the middle-income bracket. In addition, manufacturing provided much-needed jobs to immigrants, who comprised over 52 percent of New York City's manufacturing workforce as of 1999 (Curran, 2004).

However, after World War II, manufacturing began a long decline in the United States. While the Bretton Woods agreement, created following World War II, had guaranteed the United States the premier place in the global trade system, by the 1970s that system collapsed as President Richard Nixon pulled the United States off of the gold standard. This change lowered transportation costs and opened up much of the world to increasing capital exchange. The result was an increased ability for companies to invest in different locations. Factories could be located in regions of reduced labor costs and goods could be moved more freely around the world (Sassen, 2001).

More locally, the advent of the interstate highway system changed the way factories were located. No longer was it beneficial to build factories near the center of cities, near company headquarters and heavy concentrations of labor. Instead, factories relocated en masse to the peripheries of cities, which provided easy access to the new interstate highway system to distribute goods across the country (Sassen, 2001; Jackson, 1985). The suburban locations also provided the large modern spaces needed for factories to stay competitive. In these locations, cheaper land values increased profits, and greater separation from residential land uses reduced the hassle of doing business. Advances in industrial technology also reduced the need for labor, as machines and technicians increasingly replaced manual workers. Computerization accelerated the trend further by making it easier to oversee operations in

remote locations. Finally, the advent of containerization has had a particularly strong impact on New York City, dramatically reducing the need for longshoremen to manually unload ships. In addition, new facilities to handle large-scale container operations were mostly built in New Jersey after World War II, while most New York City port facilities were not upgraded (Sassen 1991).

In New York City, the decline of manufacturing began slowly. The 1 million manufacturing jobs in 1950 declined to 800,000 in 1970 (Chart 1). By 1980, the number had plummeted to 500,000 jobs (Sassen, 2001), and by 2010 it had fallen to around 159,000 jobs (U.S. Census Bureau), an 84% decline since 1950. This decline spurred a corresponding decline in demand for manufacturing space. However, between 1961 and the early 1990s, the amount of land zoned for manufacturing use declined by only five percent (Wolf-Powers, 2005). As a result, many industrial spaces were left vacant or used for less-intense purposes, such as storage.

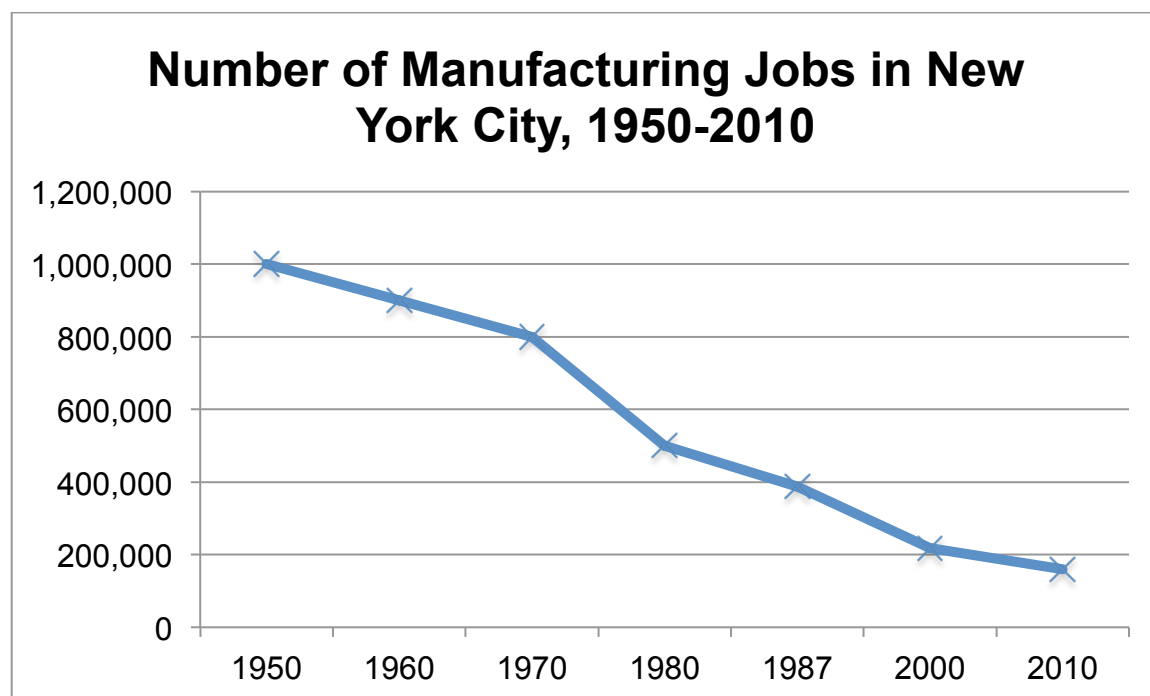


Chart 1. Number of Manufacturing Jobs in New York City, 1950-2010

Sources: Sassen, 2001; U.S. Census Bureau, 2000, 2010

Interestingly, for many years manufacturing jobs in New York City were highly concentrated in Manhattan. As late as 1985, 59 percent of the city's manufacturing jobs were located in Manhattan (Sassen, 2001). In fact, a 1993 study by the City found that location near the

Midtown Manhattan central business district was the most important feature of industrial business location in New York City (Wolf-Powers, 2005). Industrial presence in Manhattan was so strong, that a major impetus for the original zoning laws in New York City in 1916 was to stop the spread of industry into upscale residential and shopping areas in Midtown Manhattan, the reverse of more recent processes (Fischler, 2000). The city elites, however, viewed industry as a nuisance and had long sought to make Manhattan a center of commerce and residence and move manufacturing to more peripheral areas. This goal dates back at least to the 1929 Regional Plan, which called for the removal of manufacturing from Manhattan altogether. Plans to relocate industry often involved the wholesale demolition of manufacturing districts in order to open them up to residential development (Zukin, 1982).

As the increasing mobility of capital allowed manufacturing to move to locations of cheap labor, companies faced increasingly complicated logistics of moving goods around the world, dealing with the legal issues surrounding the mass import and export of goods and capital and the management of so many different functions. The growth of computerization and telecommunications has only increased that complexity. As a result, the producer service industry has grown to provide management functions to multinational corporations. Rather than perform these tasks in-house, many large producers contract them out to highly specialized firms that are able to handle highly complex problems, which would be too expensive for large producers to handle with in-house staff. Since each producer service firm must work closely with other service firms, they tend to congregate in major cities across the globe, in order to provide the highest level of efficiency. New York City has become a global hub in the concentration of these services. Even as headquarters of larger corporations moved away from the City (although not necessary the metropolitan region) in the decades after World War II, the presence of many service firms has only served to attract even more service firms (Sassen, 2001).

As a global command location, the central business district of Manhattan experienced a demand for real estate that is increasingly disconnected from the local and national markets. Foreign investment in the market skyrocketed, driving up prices in the city. In the 1970s and 1980s, a new preference for city living by high-earners drove prices in central locations much higher, exerting pressure on surrounding neighborhoods (Sassen, 2001).

The decline of manufacturing led to a rapid decline in middle-income jobs. As mentioned above, due to strong unions, manufacturing jobs generally provided middle-income wages.

Unfortunately, this may have also driven many companies to leave heavily unionized areas, such as New York, for areas with cheaper labor (Sassen, 2001). The rise of the service sector has provided a much different set of job opportunities. In 1950, services provided approximately 500,000 jobs, 300,000 of which were in Finance, Insurance, and Real Estate (referred to as FIRE industries). By 1985, this had grown to 1.5 million jobs, 500,000 of which were in FIRE. Not only did the service sector grow in New York City, but it also became much more prevalent in the City than elsewhere in the United State. Unlike the manufacturing sector, which has tended to produce many middle-income jobs; the service sector has tended to produce jobs at the high and low ends of the pay scale (Sassen, 2001; Abu-Lughod, 1999). This became evident after 1968, when income inequality began to quickly rise. Between the 1970s and 1990s, the share of the nation's wealth held by the top 1 percent nearly doubled, accounting for almost 40 percent of the total wealth. By 1980, a study showed that income inequality in the United States was greater than in the 15 comparable industrialized nations included in the study (Abu-Lughod, 1999). In addition, the low-paying service jobs went overwhelmingly to blacks and Hispanics, demographics that have historically had significantly higher rates of poverty than the rest of the population (Sassen, 2001). In addition, as the New York City became increasingly populated by minorities and immigrants, as described below, those new employees were more likely to live in the city as well.

More recently, however, the New York City region has experienced only minor changes in economic patterns. Data from the US Census show that since 1998, the region has not experienced a rapid growth or decline in any one industry. The service sector and accommodations & food services have generally grown, while manufacturing, wholesale trade, and other industry have declined, but these changes appear to have been gradual. Most other sectors have largely remained constant. Since the definition of the region changed between 2002 and 2003 to include more of New Jersey, there is a disconnect at that point in the data. The definition changed again between 2006 and 2007 to include more of Long Island, but the latter change is much less visible in the data (Chart 2). This regional data will provide a basis for assessing more local changes discussed below.

Number of Businesses in the New York City Metropolitan Region, 1998-2009

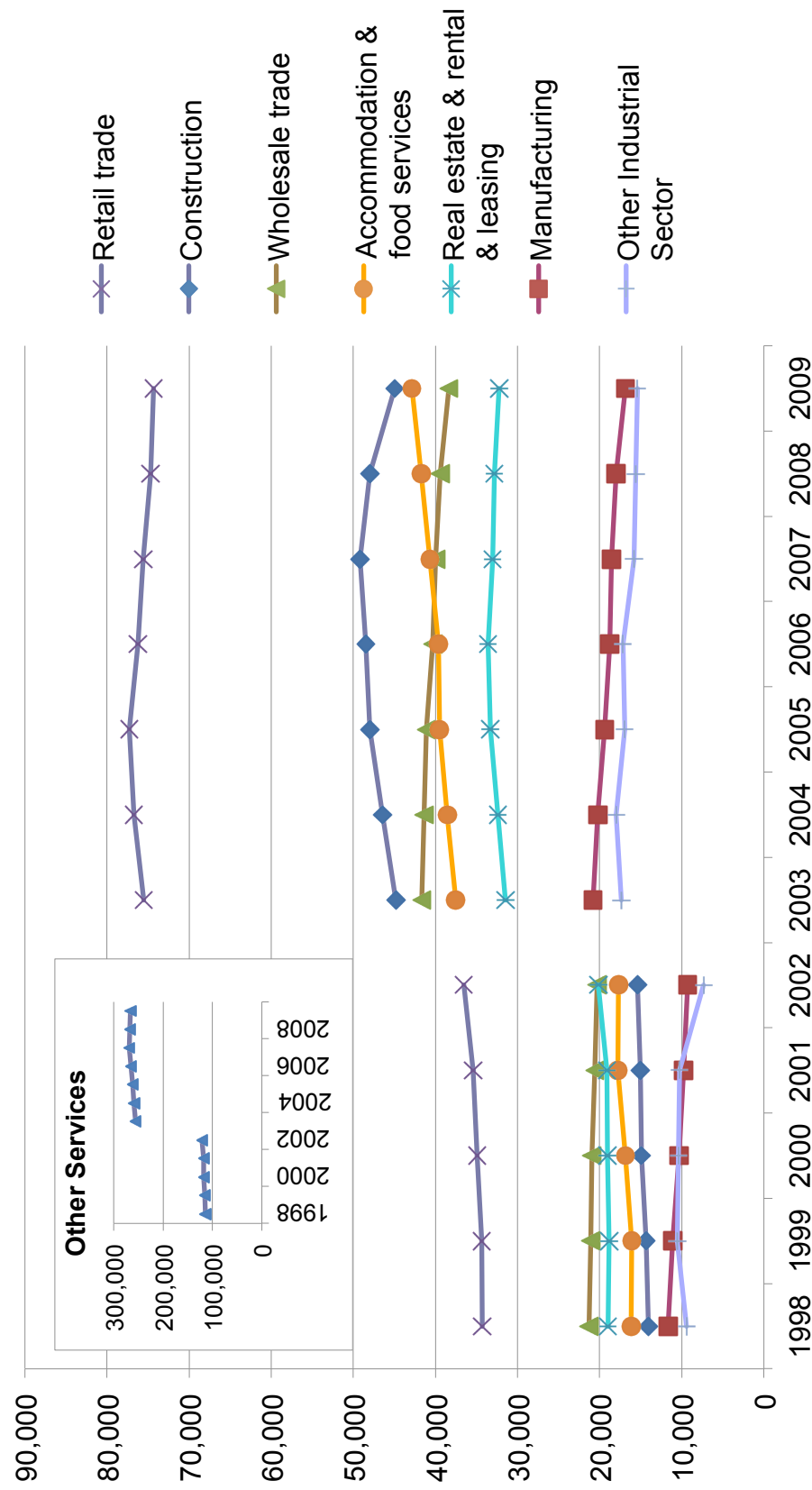


Chart 2. Number of Businesses in the New York City Metropolitan Region, 1998-2009

Source: U.S. Census Bureau

As a result of these economic shifts since 1960, New York City changed from a city with a strong manufacturing base and a large middle class to a city with a strong service economy catering to global corporations, with most new jobs being created at the high-income and low-income levels. The results of this restructuring were large increases in the low-income and high-income populations as well as increasingly underutilized industrial space.

II.B. Gentrification

The term gentrification dates back only to the 1970s (Osman, 2011), but the forces of neighborhood change are far older. Merriam-Webster dictionary defines gentrification as “the process of renewal and rebuilding accompanying the influx of middle-class or affluent people into deteriorating areas that often displaces poorer residents”. This process has occurred in established neighborhoods across the world, likely for centuries. Forces resembling gentrification have been described in the Greenwich Village neighborhood of Manhattan as early as the 1910s, and have continued in other parts of the city up to the present day (Osman, 2011). The following section will discuss the process of gentrification in New York City, first examining the transformation of declining industrial areas into wealthier residential areas, and then examining the transformation of poorer residential districts into wealthier ones.

1. MANUFACTURING GENTRIFICATION

A relevant example of gentrification in a declining industrial area occurred in the SoHo neighborhood of Manhattan in the 1960s and 1970s. Prior to then, the area was almost entirely filled with manufacturing lofts, and was commonly referred to as Hell’s Hundred Acres (Zukin, 1982). The increasing disinvestment in industrial buildings, partially a result of economic restructuring, made them less and less suited to a changing manufacturing environment. Beginning in the 1920s, the wealthy elite in the City had pushed to relocate industry from Manhattan to the outer boroughs, but was prevented from doing so by the ruling Democratic party, which had strong ties to labor and small business owners, who opposed any relocation efforts (Zukin, 1982).

It wasn’t until the late 1950s that a number of forces combined to break manufacturing’s tight grip on the city’s center. First, with the proliferation of trucking and the creation of the Interstate Highway System, much industry moved to suburban areas. Industrial building owners found it increasingly difficult to obtain loans to modernize their old facilities in Manhattan. Rail

companies also failed to maintain and upgrade the facilities that served these industrial areas (Zukin, 1982). With increasingly outdated infrastructure and buildings, urban loft owners found it more and more difficult to attract manufacturing tenants, driving down prices for those spaces. With industry in a weakened position, wealthy elites were actively pushing for large-scale urban renewal of the area, in order to create a buffer between manufacturing districts in Midtown and Lower Manhattan offices. These plans further destabilized prices in the area, as owners feared that their buildings might be seized and demolished (Zukin, 1982). This further discouraged any upgrades to industrial buildings and lowered the rents that could be obtained in them.

Beginning In the 1950s, residential uses began encroaching into industrial areas. Artists, unable to afford more traditional studio and living spaces, began moving to increasingly affordable loft spaces for both living and working. At first, the only spaces affordable to artists were very small lofts, with little light, due to their layout in buildings that occupied the entirety of their lot. These were not comfortable spaces for living, often lacking kitchens, bathrooms, or even heat. Artists used these spaces as residences illegally, and tenants were vulnerable to eviction by the City if they were discovered. However, as the art scene became more mainstream and the “back to the city” movement grew in the 1960s, urban lofts quickly became trendy. By the 1970s there was a strong luxury market for lofts, as many larger lofts became available as more and more manufacturing firms fled the city (Zukin, 1982).

As residential conversions were expanding, the 1961 zoning resolution was adopted, rewriting the zoning for the entire city. The resolution adopted many ideas from plans to remove manufacturing from Manhattan, prohibiting industrial uses in many central areas of Manhattan occupied primarily by manufacturing lofts. In those areas, use was restricted to commerce, which included as-of-right conversion to residential uses. Heavy industrial uses were largely banned from Manhattan and light industry was restricted to waterfront areas, what is now called SoHo and several smaller areas. The new zoning even prohibited the renewal of expired industrial leases in areas no longer zoned for industry (Zukin, 1982).

In 1964, the State of New York formally accepted the limited use of manufacturing loft space as residences by artists in New York City. It created standards for residential conversions of loft buildings without superseding local zoning codes, which still prohibited residential uses in manufacturing districts. This change was done through an amendment to article 7-B of the Multiple Dwellings Law, citing the high costs of urban land, the low income of artists, and the valuable contribution they made to city life as justification for the amendment. To qualify for loft

residence, artists were required to be certified as visual artists (Zukin, 1982; NY State, 1964). Through the rest of the 1960s and 1970s, Article 7-B would be further amended to expand the definition of artists and lower the building standards for residential loft units, both of which made it easier for manufacturing buildings to be converted to residences.

The City also enacted changes to allow greater residential use of manufacturing spaces by artists. In 1971 it created an artists zoning district in SoHo, which allowed artists to live and work in certain manufacturing zones. In 1976, this designation was expanded to NoHo, the neighborhood directly North of Houston Street, as well as TriBeCa, the triangle below Canal Street, which is south of SoHo. By 1975, the City began actively encouraging the conversion of loft space to residential use, through the creation of the J-51 tax abatement, which provided tax abatements for such conversions (Zukin, 1982). In 1982, the State of New York, declaring the illegal conversion of loft space into substandard residential housing to be a “serious public emergency”, passed the Article 7-C amendment to the Multiple Dwellings Law. This amendment, also known as the 1982 Loft Law, established legal use of “interim multiple dwelling” units, or lofts, in buildings which had been illegally converted but where residential uses were permitted (NY State, 1982). These policies signaled official government acceptance of residential conversions and even provided monetary assistance to them. Interestingly, the increasing desirability of residential lofts in SoHo and other manufacturing districts quickly made them too expensive for the artists who originally occupied them. In reaction to the increasing prices, many artists joined forces to create tenant associations, which actively opposed further residential conversions of loft buildings in their neighborhoods. This was despite the fact that artists began the process of residential incursion in the first place. Most artist tenant organizations justified this contradiction as a push for stability in their neighborhoods (Zukin, 1982), but the changes that had begun had already gained too much momentum to stop. These changes foreshadowed similar changes in the manufacturing areas of Williamsburg and Greenpoint.

2. GENTRIFICATION IN BROOKLYN

Residential gentrification has been occurring in Brooklyn since the late 1940s. In the decades after World War II, however, the defining trend in cities across the country was a process known as suburbanization, where urban residents moved increasingly to more suburban areas, as new highways opened up former rural areas to development, cheap mortgages enabled homeownership, and inexpensive gasoline permitted a more automobile-dependent lifestyle. In

many northern cities, this process took on a racial component, as African Americans moved in increasing numbers to central parts of those cities and white residents moved out to the suburbs. This process is often called white flight. The practice of redlining further contributed to suburbanization and white flight. In this practice, banks designated certain areas—typically urban and often occupied by minorities—as risky investments and refused to lend money for home repairs there. This practice made it difficult to upgrade and maintain buildings in redlined areas, all but guaranteeing their decline (Jackson, 1985). Suburbanization and white flight had a profound effect on inner Brooklyn, as white residents fled to Long Island, Staten Island, and the outer areas of Brooklyn. Brooklyn went from 95 percent white in 1940 to 85 percent white in 1960, and by 1990 the proportion of white residents had fallen to 47 percent (Abu-Lughod, 1999). As the white population departed, the dense enclaves of immigrants and minorities expanded across the borough, moving into areas that had previously been the exclusive territories of white residents (Osman, 2011). The borough's image and reputation among middle-class families in the New York metropolitan region and beyond suffered heavily as a result of these forces.

In the decades immediately following World War II, citywide politics were controlled by a modernist, pro-growth coalition of elected and unelected officials, including city planners, businesspeople, bankers, university presidents, insurance executives, and labor union leaders. In short, the City was governed by the New Deal coalition. To stem the exodus of people and businesses from the city, this coalition promoted large-scale urban renewal projects, including civic centers, public housing, and highways. At the same time, most local politics in Brooklyn were controlled by the Democratic machine, whose power was based heavily on the large white ethnic working class population. By connecting constituents with union jobs through a system of patronage, the machine was able to maintain loyal support. After World War II, however, the machine started losing power, as much of its base moved to the suburbs and the number of union manufacturing jobs rapidly declined. Despite this weakening, machine politicians remained strong supporters of urban renewal projects, as those projects provided many union jobs that could be distributed to constituents (Osman, 2011).

As suburbanization was pulling middle-class families out of Brooklyn and renewal threatened existing neighborhoods, gentrification also began to affect the borough, beginning in the Brooklyn Heights neighborhood (Figure 2). Brooklyn Heights had always been a more upscale part of Brooklyn, but by the 1940s it was also experiencing the same forces of decline as the rest of the borough. Many buildings were converted to rooming houses, sometimes called single

room occupancy buildings or SROs for short, which had cheaper rent and attracted lower-income minorities and immigrants. Many wealthy, long-established families moved out of the neighborhood. At the same time, artists and white urban professionals began moving into Brooklyn Heights. This process, not yet labeled gentrification, was made famous by writer Truman Capote in 1957, when he famously stated, “I live in Brooklyn, by choice” (Osman, 2011: 82), both acknowledging the borough’s poor reputation and rejecting it. These new professionals were intensely committed to urban living and were tied to the urban lifestyle. They moved to Brooklyn Heights to escape the high rents and what they saw as intrusive bureaucracy and overcrowding of Manhattan (Osman, 2011).



Figure 2. Neighborhoods in Brownstone Brooklyn

Source: Osman, 2011

As new residents moved to the area, rooming houses were converted back to apartment buildings and single-family homes, often through the eviction of lower-income tenants. In addition, the new popularity of the neighborhood led to a quick escalation of prices. The less-wealthy artists and professionals began to occupy the periphery of Brooklyn Heights, where prices were lower. Eventually, some made the jump across Atlantic Avenue and began the same process of renovating buildings and converting rooming houses back to apartment buildings in the adjacent neighborhoods. In an effort to improve the reputation of these areas, which were collectively known as South Brooklyn, many new neighborhood names were created, including Cobble Hill, Boerum Hill, and Carroll Gardens. Since many of the buildings in the area were clad in a brownstone material, the people involved with this process began calling themselves Brownstoners. The Brownstoners held meetings to show others how to renovate houses. They led tours of neighborhoods where brownstone renovations could easily occur (Osman, 2011).

The Brownstoners were heavily influenced by the writings of Jane Jacobs and Herbert J. Gans. These authors wrote about the intricate series of interactions that made urban neighborhoods thrive, the gradual organic process of change that is needed to improve neighborhoods, and the devastating effects of large-scale urban renewal projects. The Brownstoners adopted these positions, favoring change that resulted from many small individual decisions over time, and opposing large-scale changes pushed forward by government agencies and powerful private interests. Brownstoners were very much in favor of localized power and control of institutions. They favored a do-it-yourself ethos of independence and hard work. The Brownstoner movement, largely comprised of white-collar professionals, repeatedly opposed any expansion of manufacturing in and around Brownstoner neighborhoods. This included strong opposition to a new container port in Cobble Hill and even small expansions of automobile repair shops in Brooklyn Heights. In terms of the construction of new affordable housing, the Brownstoners were largely ambivalent and careful to stand by their liberal values (Osman, 2011).

The Brownstoning movement grew as a result of a variety of forces. One major force was the economic restructuring described above, which resulted in the fast growth of the service industry, and the increasing concentration of service firms in the heart of large cities. In addition, the service sector produced more and more jobs at the high end of the income scale, as described above. By the 1970s, a full-fledged “back to the city” movement was underway. As people increasingly embraced urban living, prices in some areas of New York City rose

dramatically, even as other parts of the City continued to experience white flight, abandonment, and redlining.

As the Brownstoning movement grew, it also became more political, occupying an increasingly powerful but unstable position in the politics of the time. As mentioned above, the modernist growth coalition, supported by local politicians and working-class political clubs, pushed large-scale renewal projects. The renewal projects often demolished entire neighborhoods, replacing them with highways and often-monotonous office buildings. In their opposition to urban renewal, Brownstoners were able to align with local groups, often including those representing minorities, who were fighting to preserve their neighborhoods from demolition (Osman, 2011).

As the numbers of Brownstoners continued to swell, so did their power and influence. By the early 1970s, a coalition of Brownstoners and local minority groups was able to elect city representatives for the first time. Through professional connections, Brownstoners convinced banks to end the practices of redlining in many neighborhoods they occupied, a change which benefitted many other groups as well. In addition, the Brownstone movement, through its distrust for institutions and push for more local control, was able to join forces with other local power movements, including the Black Power movement. A major win for the Brownstone movement came in the 1960s, when the City agreed to dramatically curtail (and would later end) new urban renewal projects. However, as Brownstoners expanded their power and territory, they came into increasing conflict with low-income groups and ethnic whites whose neighborhoods they were “improving”. By the late 1970s the term gentrification had come into existence, and many minority groups had come to see Brownstoners as a threat to their ability to remain in an area. After New York City emerged from the fiscal crisis of 1977, when it nearly declared bankruptcy, Brownstoning became even more prevalent, creating dramatic changes to Brooklyn neighborhoods (Osman, 2011).

In more recent years, the push of gentrification into new areas has increased. A major impetus for the heightened pace has been a severe and chronic lack of affordable housing in New York City. In 2002, over 500,000 residents paid over 50 percent of their income in rent, and half of all New Yorkers paid over 30 percent, the general standard of affordability. In addition, overcrowding is also a problem in the city, with increasing numbers of crowded and severely crowded dwellings (New Housing Marketplace, 2002).

Given the tight housing market and the increasing income gap, gentrification swept other parts of Brownstone Brooklyn. In a landmark study of the Clinton Hill neighborhood of Brooklyn in the early 2000s, Lance Freeman examines the local reaction to gentrification. Through a series of interviews with residents who lived in the area before gentrification began, Freeman finds that gentrification has brought about a reduction in crime and an increase in services to the area. In areas with extreme disinvestment and abandonment, he concludes that gentrification can bring new services that previously did not exist in the neighborhood, such as grocery stores and banks. However, in neighborhoods with successful retail and services, gentrification often changes those services to serve the newer, wealthier clientele. Among existing residents, the greatest beneficiaries of gentrification are homeowners, who see a direct increase in their home value as a result (Freeman, 2006).

Other studies of gentrification have found that poor residents and those without college degrees are less likely to move if they live in gentrifying neighborhoods than if they live in non-gentrifying neighborhoods, indicating that gentrification does not necessarily result in widespread displacement (Vigdor, 2002; Freeman, 2004). Another, larger study found only a very modest relationship between gentrification and displacement, indicating that displacement is unlikely the driver of neighborhood change (Freeman, 2005). In fact, those who were displaced were generally equally satisfied or more satisfied with their new location, even though they paid more in rent. In his study of two New York City neighborhoods, Freeman finds that many renters are shielded from the pressures of rising rents through a variety of arrangements and programs. Some tenants rent from landlords who are not trying to maximize the profit that they receive from an apartment. These tenants do not face displacement from rising rents as long as their landlord remains committed to keeping them as tenants (Freeman, 2006). This is probably most common in long-held leases, where the tenant and landlord have developed a personal relationship.

In addition, Freeman finds that many tenants are protected by rent regulation and, to a much lesser extent, by rent control. Under rent regulation, the City sets the percentage that rents may be increased each year, while under rent control, which is now quite rare, the City establishes a maximum rent that covers operating costs, taxes, and return on investment for the building. By restricting rent increases, these programs allow existing tenants to remain in their units, even as market rents increase in a neighborhood. Finally, public housing and Section 8 vouchers are also sources of affordable housing for many in New York City. In public housing, rents are set at 30 percent of a family's adjusted gross income, while Section 8 vouchers limit rent to 40% of a

family's income, protecting families from rent increases and displacement (Freeman, 2006). In 2011, public housing accounted for eight percent of rental apartments in New York City and Section 8 apartments accounted for approximately six percent¹, while rent-stabilized and rent-controlled apartments accounted for forty-five percent and two percent, respectively (Housing Authority, 2010; Department of Housing Preservation and Development, 2011, 2012). In short, over 60 percent of all rental apartments in New York City are covered by some sort of rent protection.

Many scholars have come to a near-consensus that high concentrations of poverty destabilize neighborhoods and magnify social problems and that a mixture of income levels provides benefits for lower-income residents (Wilson, 1987; Massey, 1993; Freeman, 2005). This concept has been adopted as national housing policy by the U.S. Department of Housing and Urban Development, through the HOPE VI program, to redevelop the most problematic public housing projects. In his research, Freeman assesses several different effects that gentrifiers might have on existing residents as they come to share the same area. These include "peer effects", "socialization", "Collective efficacy" and weak social ties. He does not find evidence of a "peer effect" or "socialization", where lower-income residents adopt the habits of wealthier residents and aspire to replicate their economic success. This was likely due to a lack of close relationships between gentrifiers and existing tenants. However, Freeman does find some evidence of "collective efficacy", where the new knowledge of how governmental and legal systems function brought by gentrifiers helps neighborhood groups lobby more effectively for their goals. However, this benefit is weakened by a lack of agreement between gentrifiers and existing residents as to what their collective goals should be. Perhaps the strongest improvement is brought about through weak social ties in the neighborhood. Through acquaintances made with gentrifiers, existing residents are able to secure jobs and utilize resources that otherwise would have remained unavailable to them (Freeman, 2006).

This literature about gentrification in Brooklyn provides a background for what happened in Williamsburg and Greenpoint from the 1990s onward. As described above, gentrification is not a new phenomenon in New York City or even Brooklyn. It occurs somewhat differently in industrial and residential neighborhoods, both of which were subject to gentrification in Williamsburg and Greenpoint. In addition, the process itself is not as simple as some describe. Displacement is

¹ The Section 8 program is administered by the Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA). NYCHA Section 8 data was available for 2010, while HPD data was available for 2012. These were combined to estimate 2011 Section 8 data.

often seen as an effect of gentrification, due to increases in housing prices. However, a variety of programs in New York City shield many residents from displacement pressure, by restricting the amount that prices can increase. In addition, the process of gentrification itself can bring about both positive and negative changes to an area.

III. Williamsburg and Greenpoint: Area Description and History

Williamsburg and Greenpoint are located in New York City, in the northwest corner of the borough of Brooklyn (Figure 3). The area is best defined by the boundaries of Community District 1², bounded by the East River to the west, the Newtown Creek to the northeast, and Flushing Avenue to the southeast. The area is served by the L, G, J, M, and Z subway lines, which operate on three rights-of-way within the study and link the area to Manhattan, Queens, and other parts of Brooklyn. The Williamsburg Bridge provides a connection to Manhattan for drivers, cyclists, and pedestrians. In addition, the Brooklyn Queens Expressway (BQE) cuts through the center of the area, connecting the area to Queens via the Kosciusko Bridge and to the Williamsburg Bridge and other parts of Brooklyn. Finally, the Pulaski and Greenpoint Avenue bridges span the Newtown Creek, linking the area to Queens.

² Community District 1 is the area overseen by Community Board 1, a government entity, which is described in greater detail below.

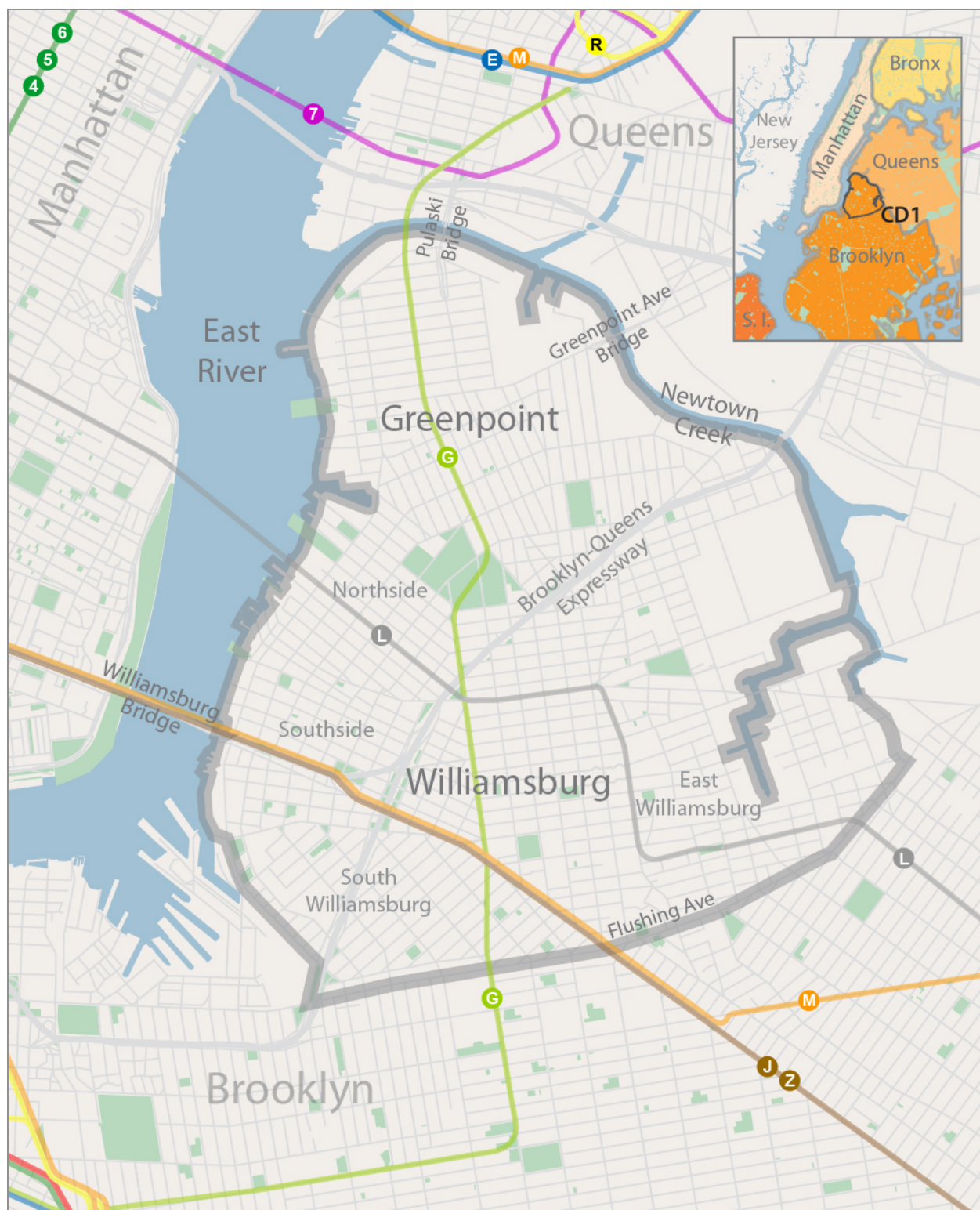


Figure 3. Williamsburg and Greenpoint: Local Context

Sources: U.S. Census Bureau, Metropolitan Transportation Agency, New York City Department of City Planning

Williamsburg and Greenpoint were founded as small Dutch farming communities in 1647 when the Dutch West India Company bought the land from the indigenous Algonquin people. To the east, the town of Bushwick was established in 1640 and would later grow to include the Greenpoint area. In 1797, ferry service was first established near Williamsburg and Greenpoint, connecting large farms in the area to markets in Manhattan (Brooklyn Community Board 1: “Williamsburg”, 2002). In the early 1800s, bolstered by the new ferries, local land speculators made several attempts to subdivide the farmland into buildable urban lots. By the 1820s, these efforts began to attract residents across the river. At first, these locations became fashionable new locations for the homes of wealthy Manhattan residents, including the Vanderbilt, Whitney and Fisk families. As the area developed, Williamsburgh was incorporated as a village in 1827, an independent city in 1851, and a part of the City of Brooklyn in 1854. Greenpoint, on the other hand, quickly became part of the growing Village of Bushwick. In the mid-1800s, manufacturing began to locate in the Williamsburg and Greenpoint area, likely due to its location adjacent to the East River. Breweries, such as Schlitz, Rheingold, and Schaefer opened, as well as what would become Domino Sugar, Standard Oil, and Corning Glass (Landmarks Preservation Commission, 1982). To connect the many factories to the rest of the country, the Brooklyn Eastern District Terminal was built to handle train barges carrying goods to and from New Jersey railroad terminals (Brooklyn Community Board 1: “Williamsburg”, 2002). The first urban communities of Williamsburg and Greenpoint were comprised mostly of German and Irish immigrants, who had fled political turmoil and famine in Europe and then fled overcrowding in Manhattan. In 1898 the area became a part of New York City, as part of the consolidation of the five boroughs. After the Williamsburg Bridge was completed in 1903, many more residents, including a large population of Jews and Italians, moved to Williamsburg to escape the overcrowded tenements of the Lower East Side.

Manufacturing in Williamsburg and Greenpoint, as in the rest of New York City, continued to thrive and expand up through World War II. Manufacturing peaked in 1948 in the city, and then entered a long slow decline that continues to this day. Williamsburg and Greenpoint experienced the same decline, and by the 1990s, most large factories had ceased operations. In 2004 the massive Domino Sugar factory closed its doors as well (Doctoroff, 2005). Despite this decline, in 1998 nearly 25 percent of the workforce in Williamsburg was employed in the manufacturing sector, twice the rate of Brooklyn and of New York City as a whole (Brooklyn Community Board 1: “Williamsburg”, 2002). The remaining manufacturing is mainly comprised of small family-owned businesses, which derive a premium from a location near Manhattan

markets and their owners' homes, typically in Long Island. The main industries in the area consist of woodworking, metal fabrication, and a large amount of food production, especially ethnic food manufacturing. As of this writing, the area remains home to the largest fortune cookie manufacturer in the world. The entire manufacturing district benefits from the critical mass of different types of businesses, giving each business easy access to complementary services (Archibald, personal communication).

After World War II, the demographics of the area began to change rapidly. The German population of Williamsburg largely dispersed and the Jewish population dramatically changed in character. In Greenpoint, many Poles arrived as refugees from Communist Poland and were later joined by Hispanics. The Polish community placed a particularly high value on property ownership, and many soon bought homes in the Greenpoint area (Mazur, personal communication). Between 1980 and 1990, the population covered in the 197-a plan increased by 10 percent, rising from over 37,000 to just over 41,000 (Brooklyn Community Board 1: "Williamsburg", 2002).

The Satmar Hasidic community, which largely occupies South Williamsburg, the southernmost section of CB1, began arriving after World War II. The community has a very high birth rate, with families typically having 6 to 10 children, doubling the community's population every 12 years. Although there were large Jewish groups in Williamsburg prior to World War II, the Hasidic community became dominant in Williamsburg by the 1960s. The community is very insular and highly structured around a central charismatic leader. The members of the community typically vote as a solid bloc, making them powerful politically (Freedman-Schnapp, 2008).

Hispanic residents also make up a significant part of the population. They began arriving in the area in the 1950s and 1960s, typically settling in Southside Williamsburg. At first, due to strict immigration restrictions, this group mainly consisted of Puerto Ricans, who took advantage of cheap airfare to New York City after World War II. After federal immigration laws were changed in 1965, many Dominicans also moved to Williamsburg. These communities were highly focused around the Catholic Church, and many of the neighborhood assistance organizations are church-run (Freedman-Schnapp, 2008).

Beginning in the 1990s, and perhaps earlier, artists began arriving in Williamsburg, fleeing the increasing rents of apartments and loft spaces in Manhattan. Some of these artists took up residence in the vacant industrial lofts along the waterfront, often illegally. The lofts provided

cheap space for art production in buildings that were having a difficult time finding industrial tenants (Slattery, personal communication). Developers and the City itself also helped bring more residential uses to industrial sectors of Williamsburg and Greenpoint. Between 1995 and 2002 the City granted over 80 variances to property owners and developers, allowing residential uses in land zoned only for industrial uses. Many industrial businesses were evicted or encouraged to leave, and many industrial spaces were kept vacant in anticipation of future residential conversion. Industrial business owners testified at community meetings that the speculative environment had increased prices, hampering their efforts to expand (Wolf-Powers, 2005; Curran, 2004). The New York City Department of City Planning (DCP), in their 2003 proposal for rezoning, documented the buildings in industrial-zoned land that were either constructed as residential buildings or had been converted to residential use before the rezoning (Figure 4).

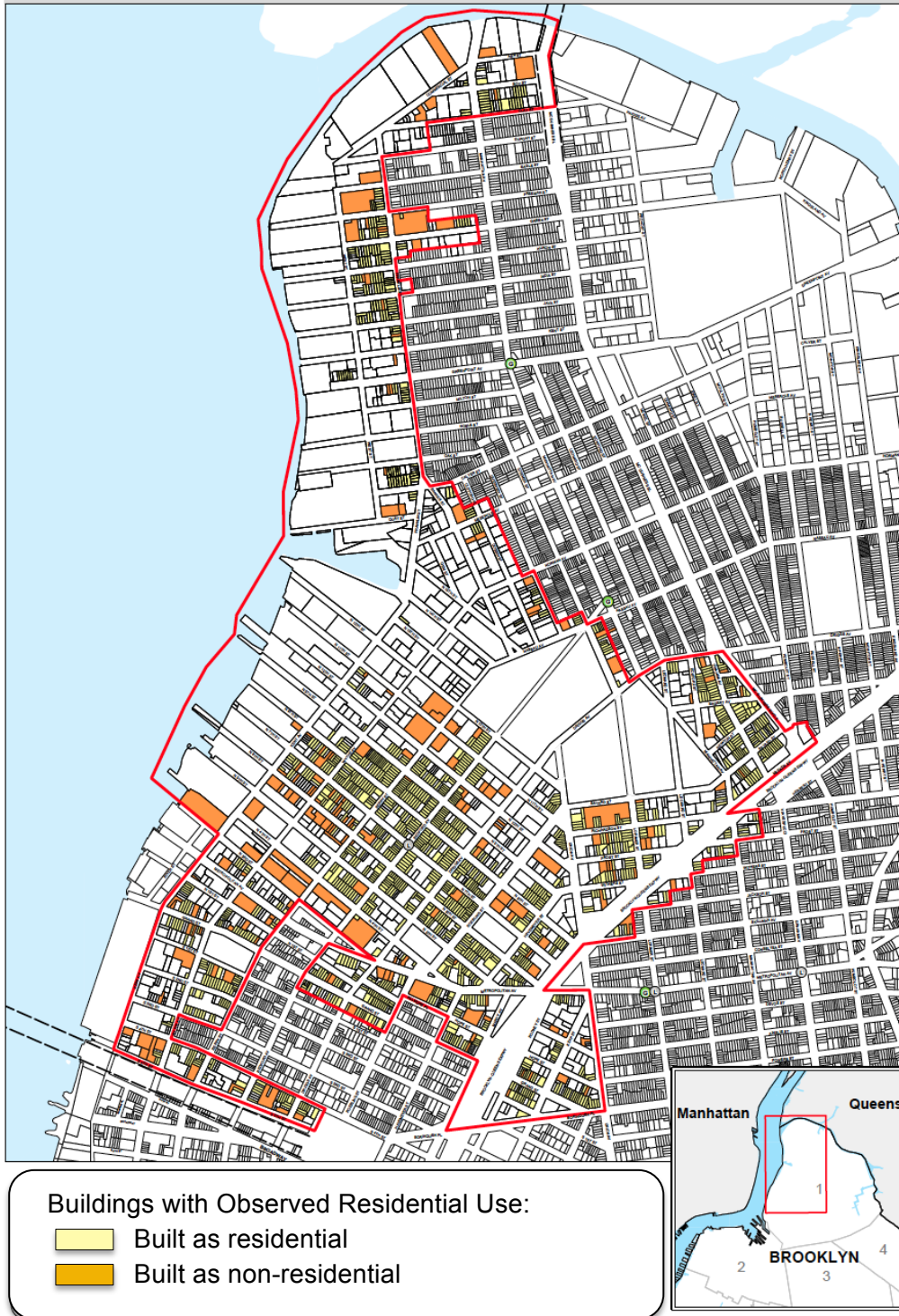


Figure 4. Observed Residential Uses in Industrial-Zoned Land within 2005 Rezoning Boundaries

Source: Department of City Planning, 2005

Following the artists were a new group of people, often referred to somewhat derogatively, as “hipsters”. These new residents were overwhelmingly young, white, and American-born, although not typically from New York City. They often lived in shared apartments, and by combining incomes were able to pay more for apartments than many families in the area (Freedman-Schnapp, 2008). This was perhaps the beginning of gentrification in the area.

The process of gentrification can be seen through changes in demographics in the area. In 1990, Hispanics comprised approximately 44 percent of the population of the area and non-Hispanic white residents comprised 46 percent. By 2000, the Hispanic population had declined, both in absolute numbers, losing around 7,000 people, and as a percentage of the total, dropping to 38 percent of the area’s population. The white population, however, increased during the same period, gaining 5,000 residents (U.S. Census Bureau, 1990, 2000).

Community leaders describe Williamsburg and Greenpoint as being a highly affordable for all types of housing in the 1970s and 1980s, but prices began to increase in the 1990s. In addition to historically affordable market-rate apartments, another major source of affordable housing in the Williamsburg area is public housing. This housing is owned and operated by the New York City Housing Authority (NYCHA), which is nationally renowned as a successful public housing agency. Whereas other public housing authorities allowed building to deteriorate and become abandoned, NYCHA has maintained a relatively high standard for tenants, as described in *Public Housing that Worked* (Bloom, 2008). Williamsburg has multiple public housing sites, mostly located in South Williamsburg and East Williamsburg, providing 6,686 units of housing to over 15,600 tenants and accounting for more than 15 percent of rental units in the area. They consist of both low-rise and high-rise structures, with the earliest Williamsburg Houses built in 1938 and the newest Berry-South 9th completed in 1995 (Housing Authority, 2012). The 1995 construction is somewhat anomalous as most new public housing construction ended in the 1970s.

As mentioned earlier, nearly half of all rental apartments in New York City are covered by rent stabilization and rent control regulations, which limit the amount that rent can be increased each year. These also provide the area with some level of affordability. Community leaders have said that given the predominance of small, privately owned buildings, relatively few units qualify for rent stabilization (Lang, personal communication). However, the Housing and Vacancy Survey shows that between 46 and 52 percent of all rental units in Williamsburg and Greenpoint are rent stabilized (Department of Housing Preservation and Development, 2002, 2005, 2008).

While not enough data exist to show the number of rent-controlled units, it is unlikely that they account for a significantly higher percentage of rental units than the citywide average of less than 2 percent. In short, without even including units from the myriad of other housing subsidy programs such as Section 8 vouchers, well over 60 percent of all rental apartments in the area are protected from large rent increases.

By the mid-1980s, the waterfront in Community District 1 was deteriorating. To respond to this, Community Board 1 (CB1), which consists of appointed members who provide non-binding recommendations to the City regarding issues in Community District 1, created a Waterfront Committee. The committee was tasked with assessing existing conditions and developing ideas about the future of the waterfront. In 1989, the City's charter was revised to provide a clear process and official support for locally-created plans for the development, growth, and improvement of the city's neighborhoods. These plans are known as 197-a plans after the section of the charter that established them. Once adopted by the City Planning Commission and the City Council, they guide City actions in an area. CB1 soon began the process of creating a 197-a plan for its waterfront, a process that took over ten years to complete. A series of community workshops was held in Williamsburg and Greenpoint to develop goals for the area, and to create a plan to achieve them. This was a difficult task, given the intense ethnic politics in the area. By 1998, however, a plan was created. Near the end of the process, a decision was made to divide the 197-a plan into two pieces, a Greenpoint Plan and a Williamsburg Waterfront Plan. The two plans were approved unanimously by the local community board, and were then submitted to the Department of City Planning. By 1999, they had been reviewed by the Department of City Planning and several minor modifications were made. In 2000, an environmental impact statement (EIS) was completed for the plans, in 2001 the City Planning Commission approved the plans, and in 2002 the plans were adopted by the City Council (Brooklyn Community Board 1 "Williamsburg", 2002; Brooklyn Community Board 1 "Greenpoint", 2002).

The 197-a plans, with their extensive community participation, are crucial to understanding the perspective of the community when the actual rezoning was proposed. Both plans, having been conceived together as a single plan, had very similar goals and ideas. They attempted to create a comprehensive community vision for the future of the area. Both plans called for some redevelopment of underused waterfront land through rezoning, in response to the rapidly growing population and the need for more housing in both areas. The plans stated that any new development should conform to the existing character of the area, and should be of a similar

size and scale as existing development. The maximum density proposed in the plans is a floor-to-area ratio (FAR) of 2.43, the same density permitted in adjacent residential areas. This means that for every one square foot of lot area, 2.43 square feet of building floor space would be permitted on that lot. Both plans called for a mixture of land uses in the area, including market-rate and affordable housing, offices, workshops, artist studios, and open space. Both plans also called for the reuse of existing buildings, with a proposal to examine expanding the 1982 Loft Law to legalize many residential conversions of industrial loft space in Williamsburg and Greenpoint. The 197-a plans called for the City to rezone or study rezoning several large areas from industrial use to either exclusively residential use or a combination of residential and light manufacturing uses (Figure 5). The plans also recommend only local-scale retail, to avoid the traffic and congestion associated with large stores that attract customers from a broader area (Brooklyn Community Board 1 “Williamsburg”, 2002; Brooklyn Community Board 1 “Greenpoint”, 2002).

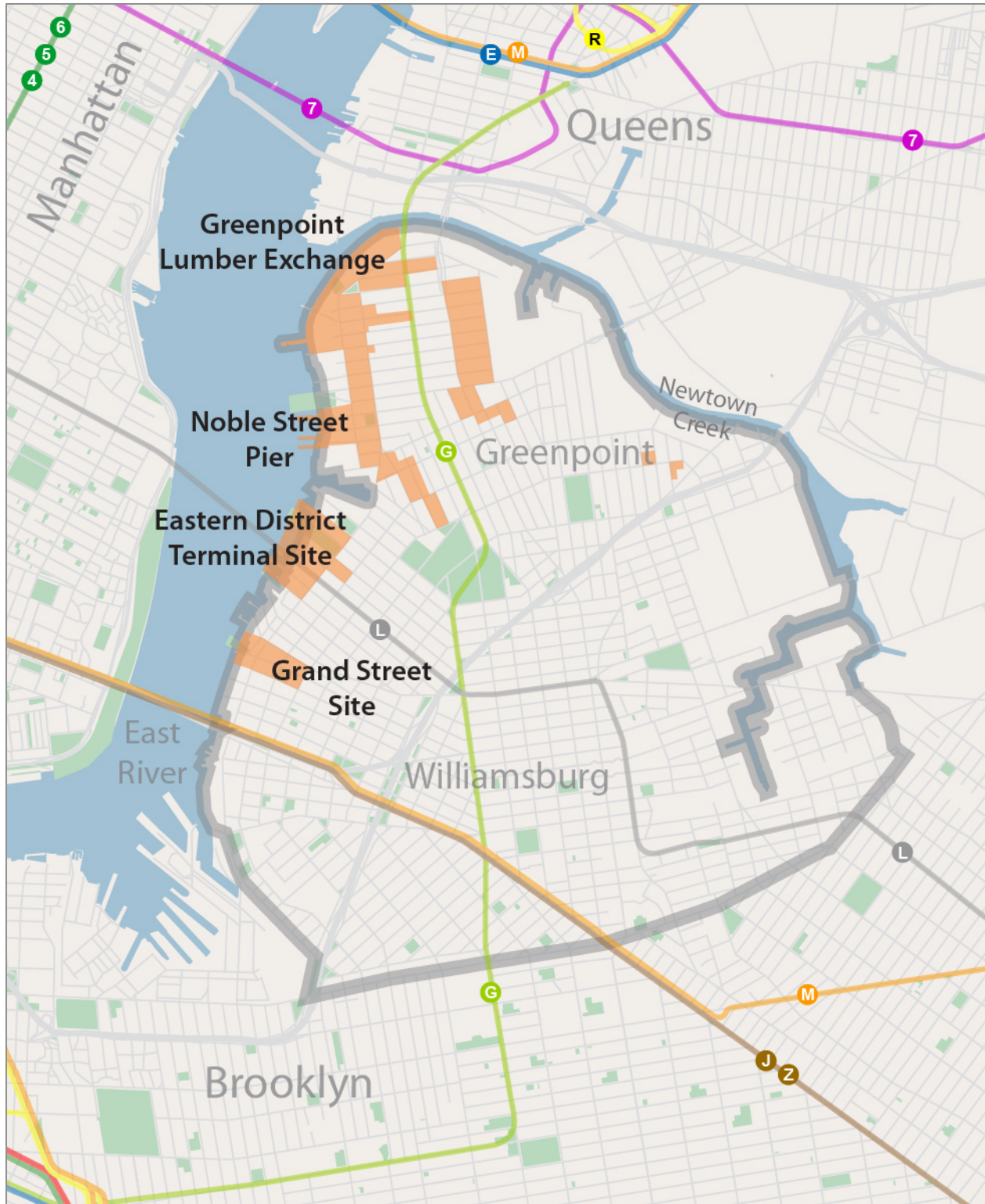


Figure 5. Areas Proposed for Allowing New Residential Uses in the 197-a Plans

Sources: Brooklyn Community Board 1 "Williamsburg", 2002; Brooklyn Community Board 1 "Greenpoint", 2002

Both plans called for increased access to the waterfront and improved connections between the waterfront and major upland destinations, including the creation of a continuous waterfront promenade linking Greenpoint and Williamsburg to other neighborhoods along the East River. Walking, bicycling and other active transportation links were proposed for the waterfront, with specific proposals to create links from the waterfront to McCarren Park and to the Williamsburg Bridge. New parks were also a crucial component of both plans. To create these parks, the plans called for repurposing existing industrial land for use as parkland in several locations, including the former WNYC Transmitter site and the Greenpoint Lumber Yard (Brooklyn Community Board 1 “Williamsburg”, 2002; Brooklyn Community Board 1 “Greenpoint”, 2002).

Environmental protection figured heavily in both 197-a plans. The plans strongly opposed proposals to construct a power plant and expand a waste transfer facility in the area (discussed in greater detail below), seeking instead to more heavily regulate existing polluting industries and attract and retain only light manufacturing uses, commercial uses, and other non-polluting industrial uses. In addition, the plans sought to improve the local environment through increased tree planting and the remediation of the Mobile Oil Spill, which contaminated the soil under Greenpoint for decades. That spill was first discovered in 1978 and remains one of the largest oil spills in history (Prud’homme, 2010). The plans also highlight a need to better deal with the existing combined sewer overflow system, as the existing system released raw sewage into the waterways surrounding the area during heavy rainfalls (Brooklyn Community Board 1 “Williamsburg”, 2002; Brooklyn Community Board 1 “Greenpoint”, 2002).

In addition to these issues, the plans sought other improvements for the area. Proposed social improvements included the addition of new community facilities, better schools, and more libraries. Proposed transit improvements included station renovations, increased frequency, and improved reliability on the three subway lines passing through the area. In addition, increased bus service and a new water ferry system were proposed to strengthen transit connections to other parts of the city. As mentioned above, the plans specifically opposed changes that would significantly increase the number of automobile and trucks trips passing through the area (Brooklyn Community Board 1 “Williamsburg”, 2002; Brooklyn Community Board 1 “Greenpoint”, 2002).

The 197-a plans were influenced by the New York City Department of City Planning’s Comprehensive Waterfront Plan, which was released in 1994. The Waterfront Plan aimed to create a long-term vision for the future of New York City’s waterfront. The overall goals listed in

the plan were to protect the natural waterfront, improve public access to the waterfront, ensure sufficient land for waterfront maritime and industrial uses, and promote new land uses where land is vacant or underutilized or where new uses have taken over. In the plan, the Williamsburg and Greenpoint waterfronts were discussed as part of a large stretch of East River/Upper Bay waterfront, which reaches from Greenpoint to Sunset Park and includes over ten neighborhoods. The plan proposed that this waterfront area, the historic heart of Brooklyn industry, remain “primarily an industrial waterfront”. More specifically, it identified six Significant Maritime/Industrial Areas in Brooklyn, where industry would be maintained and strengthened through coordinated investments in infrastructure and transportation improvements. While the nearby Brooklyn Navy Yard and two other sections of the East River/Upper Bay waterfront were designated as Significant Maritime/Industrial Areas, Williamsburg and Greenpoint were not. Instead, the plan described the Williamsburg and Greenpoint waterfront as having significant concentrations of industrial jobs, but proposed to maintain industrial zoning on parts of the waterfront “where current conditions favor continued industrial use”, leaving the area open to future land use changes (Department of City Planning, 1994).

A second major goal for the East River/Upper Bay waterfront was to improve public access to the water, which industrial uses had long prevented, and to increase the amount of open space. In Williamsburg and Greenpoint, the Waterfront Plan described an area with relatively little vacant land, most of which was concentrated in a few large-scale sites. However, the plan also noted that most industrial uses were not dependent on waterfront locations. The few uses that did require water access were waste transfer facilities and the Amstar (a.k.a. Domino) sugar refinery. To increase waterfront access in Williamsburg and Greenpoint, the plan called for the redevelopment of vacant or underutilized sites by rezoning them to allow residential uses or open space and rezoning surrounding blocks to allow light manufacturing uses. These redevelopment sites included the Greenpoint Lumber Exchange site, the Noble Street Pier Site, and the Eastern District Terminal site, mirroring several sites later proposed in the 197-a plans (Figure 5). In addition, the plan called for improvements to streets that terminate at the water as well as the creation of a Brooklyn Waterfront Greenway along the streets adjacent to the waterfront, as described in the Department of City Planning’s 1992 Greenway Master Plan (Department of City Planning, 1994).

In the late 1990s, a series of new heavy industrial uses were proposed for the area, including a new waste transfer station and a new coal power plant. The waste transfer station was to be constructed on the site of the former Brooklyn Eastern District Terminal site (Brooklyn

Community Board 1 “Williamsburg”, 2002), and the power plant was slated for the area just south of the Bushwick Inlet (TransGas, 2003) (Figure 6). The closure of the Fresh Kills landfill on Staten Island in 1997, the last landfill within the city’s borders, forced the City to transport its garbage elsewhere, often via barges. This led to proposals for new waste transfer stations to facilitate waste transportation by barge. Several community groups, including Neighbors Against Garbage (NAG) and Greenpoint Williamsburg Against the Power Plant (GWAPP), formed to oppose these heavy industrial projects. These two groups, which were comprised largely of newer members of the community (Freedman-Schnapp 2008), became well established and persist to this day, although their missions have changed as the needs of the community and threats facing it have changed. Neighbors Against Garbage is now Neighbors Allied for Good Growth (NAG) and Greenpoint Williamsburg Against the Power Plant is now Greenpoint Waterfront Association for Parks and Planning (GWAPP).



Figure 6. Heavy Industrial Uses Proposed in the 1990s-early 2000s (and Later Cancelled) for the Williamsburg Waterfront

Sources: TransGas, 2003; Department of City Planning, 1994

During this time, a series of conflicts emerged among ethnic groups as the new, largely white, groups expanded outwards from Northside Williamsburg and the rapidly expanding Hasidic community expanded north from South Williamsburg into the largely-Hispanic Southside. By 1997, the conflict came to a head over new affordable housing sites in areas claimed by both Hasidic and Hispanic groups. To ease tension, the administration of Mayor Rudolph Giuliani brokered an agreement among the groups to allow the Hasidic community to develop housing in some industrial areas, to ease expansion pressure into largely Hispanic areas.

A major result of the deal was the rezoning of the former Schaefer Brewery site, which was redeveloped as Schaefer Landing (Freedman-Schnapp, 2008). The Schaefer Brewery site was listed as a potential redevelopment site in the Williamsburg Waterfront 197-a Plan of 2002. As part of the negotiations and through pressure from both the Hispanic and Jewish communities, it was agreed that 40 percent of the new housing units developed at the Schaefer Brewery site would be affordable housing; the rest would be market-rate, luxury housing. Since the site was located in a largely Jewish section of South Williamsburg, it is not surprising that the United Jewish Organizations (UJO) community group was the sponsor of the site's development. While there was some conflict among different ethnic groups about the distribution of affordable units, eventually an agreement was reached to ensure that they were distributed in an equitable manner (Freedman-Schnapp, 2008).

IV. Major Government Policies Affecting in Williamsburg and Greenpoint

In response to a variety of ongoing changes in the neighborhood, as well as the push for changes from many different sides, the government created several policies that affected the Williamsburg and Greenpoint area. This chapter provides a detailed examination of the two policies that were the most controversial and had the greatest impact on the area—the 2005 rezoning and the 2008 changes to the citywide 421-a program. In this chapter, I also briefly present other policies and changes that have affected the area since 2005.

IV.A. 2005 Rezoning

In 2003, the City first proposed a large-scale rezoning of the Williamsburg and Greenpoint waterfront and upland areas. The project was presented as the next step in the community's 197-a plans. Once proposed, City bureaucracy, elected officials, community groups, and developers all began negotiating for changes in the rezoning to best meet their goals. In this

section, I examine the goals of the various stakeholders during the negotiations, the policies adopted in the rezoning, and the reaction from the various stakeholders to the final policies.

1. GOALS OF DIFFERENT GROUPS

The City's rezoning proposal lists many of the same goals that were in the 197-a plans. These goals included increasing waterfront access, developing housing for a mixture of income levels, and ensuring that new development is of a similar scale as existing development. The proposal says that the City will use rezoning as the means to achieve these goals (Department of City Planning, 2005). However, housing advocates and community leaders stated that the City's proposal "missed some of the essential points" of the 197-a plans (Gillespie, personal communication).

In addition to goals that the City saw as being in line with the 197-a plans, the 2003 rezoning proposal stated several other goals, including promoting different types of housing, pursuing the City's commitment to affordable housing, addressing changing neighborhood context, protecting important concentrations of industrial activity, creating a continuous waterfront walkway, and using development to connect the two neighborhoods to the waterfront. Again, the city planned to use rezoning to pursue these goals (Department of City Planning, 2005). While the City's proposal states that these goals are not necessarily derived from the 197-a plans, several, including the pursuit of a waterfront walkway and the protection of industrial areas, have strong similarities to goals in the 197-a plans.

A major justification that the City used for the rezoning was the continued decline in industrial jobs in the area. Statistics compiled by the Department of City Planning show a 72 percent decline in manufacturing employment in the Williamsburg waterfront and upland areas and a 60 percent decline in the Greenpoint waterfront area between 1991 and 2002 (Chart 3). Other nearby industrial areas were included for comparison, but they generally showed much less dramatic declines in manufacturing jobs. Two large industrial areas showed only a slight decline in jobs, and the smaller Bushwick Inlet area actually gained jobs during the time period. The City argued that the continued decline of industry in the two waterfront areas made land in those areas more suitable for other uses (Department of City Planning, 2005).

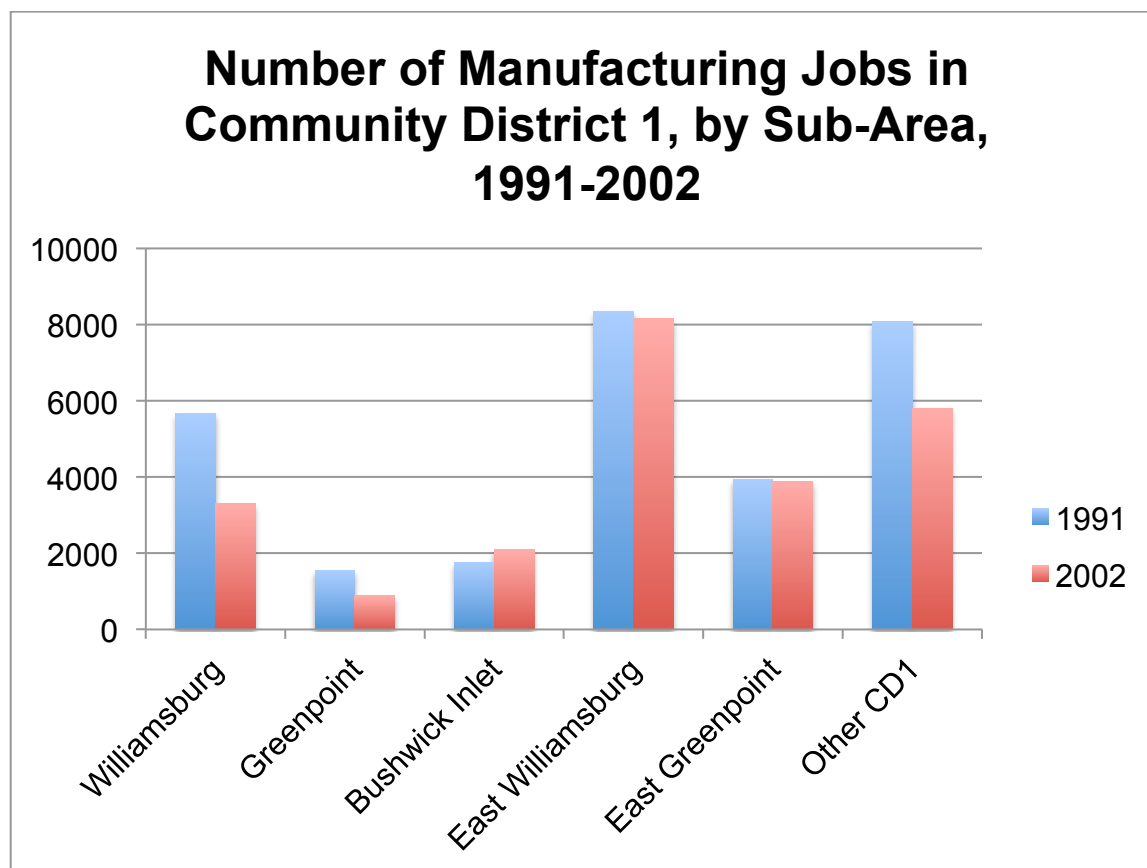


Chart 3. Number of Manufacturing Jobs in Community District 1, by Sub-Area, 1991-2002

Source: Department of City Planning, 2005

Another impetus for the rezoning came from developers in Williamsburg and Greenpoint. As demand for housing in the area grew in the early 2000s, several landowners and developers began to individually pursue the Uniform Land Use Review Procedure (ULURP) to rezone their sites from only allowing industrial uses to allowing residential uses. Of particular importance were five large waterfront sites whose owners were pursuing ULURP. To coordinate these individual rezonings, the City decided to consolidate them into a single rezoning, led by the City (Fair, personal communication). Once the City took over, the developers took an advisory role, providing the City, through the mayor's office, with financial analyses of various development scenarios that would encourage developers to include affordable housing alongside new construction. This process was aided by the affordable housing development experience of one of the waterfront developers. Several developers expressed a mixed opinion about the City leading the rezoning push, as they gave up much of their autonomy in the process but were also freed of most of the financial and political burden of the process (Moelis, personal communication; Fair, personal communication).

Once the initial rezoning had been proposed, a series of negotiations occurred. Several major groups emerged in these discussions. In general, the waterfront developers sought to make sure that any agreement would allow for high development densities in the area, with some pushing for FAR of 7.5 or more (Slattery, personal communication). Representatives from several developers cited recent waterfront development in Battery Park City, Hoboken, Jersey City and Hunter's Point South as key precedent for what they wanted in the rezoning (von Spreckelsen, personal communication; Fair, personal communication; Slattery, personal communication). These precedents all involved formerly industrial land, which was used for residential or commercial buildings at high densities. While there is an obvious financial benefit to developers when they are permitted to build at higher densities, many developers or developer groups also cited New York City's chronic shortage of housing in their push for increased housing densities. By building at the greatest density, they argued, the supply of housing could be greatly increased, which would better meet the demand for housing and reduce the upward pressure on housing prices (Slattery, personal communication; von Spreckelsen, personal communication). This is the classic argument put forward by economically libertarian urban thinkers such as Ed Glaeser and more recently Matthew Yglesias (Glaeser, 2010; Yglesias, 2012).

In addition to developers, the 'community', in the form of non-profit community organizations and church groups, was also heavily involved in the rezoning process. Leaders in the community can generally be categorized as those pushing for affordable housing and those pushing for open space. The push for affordable housing came mainly from elected officials and prominent local community development corporations. Los Sures, Churches United for Fair Housing, and St. Nick's Alliance all advocated primarily for the interests of the Hispanic community. The United Jewish Organizations (UJO) advocated for the largely Hasidic Jewish community, and the North Brooklyn Development Corporation advocated for the largely Polish community in Greenpoint. Given the large Catholic population of Poles, Hispanics, and Italians in the area, the Catholic Church, led by the Bishop of Brooklyn and Queens, was also involved in the push for affordable housing (Hirsh, personal communication). Local academics, particularly those at the Pratt Center for Community Development, pushed for affordable housing and industry business retention.

Community leaders pushed for affordable housing through their participation in Community Board 1 (CB1). CB1 provided a forum for community participation in the ULURP process, as it reviewed the rezoning proposal and provided non-binding feedback to the city. Much of this

review was done through the Rezoning Task Force, which was created in 2002 to review the rezoning as it related to the goals of the 197-a plans (Brooklyn Community Board 1, 2004). Community leaders also lobbied the elected officials who voted on the proposed rezoning. Housing advocates originally pushed for a requirement that 40 percent of all the units in the rezoning be affordable, even creating buttons to this effect (Fair, personal communication; Lang, personal communication). This was the same percentage mandated in the Schaefer Landing project, and it would prove to be the same percentage required in the private rezoning of the Domino refinery in 2010. Several advocates justified their position by arguing that by changing the zoning of the land, the City was effectively creating a massive overnight increase in property values to the benefit of property owners and developers, and that the community should share more in the benefits from that increase (Lang, personal communication).

This is not to say that housing advocates were against rezoning waterfront land. In fact, many advocates for affordable housing recognized that the system of land use change prior to the rezoning was not working well. Before the rezoning, much of the waterfront and some of the nearby land was zoned for manufacturing and was underutilized or vacant. As the housing market in the area grew stronger, private developers requested variances to convert existing manufacturing buildings to residential use or to build new residential buildings. While local groups, through the Community Board ULURP process, could provide input regarding these variances, the input was non-binding and could be ignored by the City government, which frequently granted such variances. Manufacturing advocates decried these variances as *de facto* rezonings, which destabilized land prices, pushing small manufacturers out of the area (Archibald, personal communication). In addition, the variances rarely resulted in new affordable housing and were not part of any larger plan for the area. As such, at least one prominent community leaders came to view the rezoning as a way to harness the push for development in a way that resulted in more affordable housing for the community (Pagan, personal communication).

The open-space advocacy groups were largely newer organizations and coalitions, formed as a result of earlier fights against a waste transfer facility and power plant. These groups included GWAPP and NAG, described above. Other advocacy groups fought for open space as well, including St. Nick's Alliance and North Brooklyn Development Corporation, whose director was also a prominent member of GWAPP (Mazur, personal communication). Open-space advocacy groups pushed for more parkland, better access to the waterfront, and to some extent, a publically accessible waterfront esplanade. GWAPP and NAG made open space their primary

focus. The primary argument for open space was that Williamsburg and Greenpoint already had one of the lowest amounts of open space per capita in Brooklyn, before the rezoning. An influx of thousands of new residents without any new open space would have driven that number even lower (Mazur, personal communication). In addition, as described in the 197-a plans, nearly the entire waterfront was privately owned and closed to the public. Mapped public streets, which theoretically provided waterfront access, were illegally fenced off by private property owners, blocking access (Metal, personal communication).

The prominent elected officials at the time of the rezoning were City Councilmember David Yassky, who represented Greenpoint and portions of the Williamsburg waterfront, and City Councilmember Diana Reyna, who represented the southern and eastern sections of Williamsburg. Steve Levin succeeded Councilmember Yassky in 2009. Both councilmembers Reyna and Yassky pushed for affordable housing as their top concern, advocating for the greatest number of affordable units possible. Yassky's two other major concerns were the creation of accessible open space along the waterfront and ensuring that any new development maintained the existing character of the area, in terms of scale and density. The more minor goals of council member Yassky included maintaining existing jobs and creating new jobs where feasible as well as improving transit options for the area (Yassky, personal communication). Councilmember Reyna also advocated for open space, as well as for job retention and creation, and improvements to local schools (Reynoso, personal communication).

As mentioned above, job retention and creation was an important goal of some advocacy groups, academics, and elected officials, since much of the waterfront industrial land was being rezoned to allow residential uses, which might push industrial businesses and jobs out of the area. Academics, notably Brad Lander and Laura Wolf-Powers of the Pratt Center for Community Development, argued that manufacturing not only created economic benefits for unskilled workers but also supported and enhanced the growing service sector of the economy (Curran, 2005; Lander, 2004; Wolf-Powers, 2005). Councilmember Reyna and other advocates, such as St. Nick's Alliance and the East Williamsburg Valley Industrial Development Corporation (EWVIDCO) focused more on job retention in the area. Together, these stakeholders lobbied for better protection for local industrial areas that were not part of the area proposed to be rezoned from industrial use to residential use. In particular, they wanted the Bushwick Inlet area and other industrial zones in Williamsburg and Greenpoint to be part of a new Industrial Business Zone (IBZ), which would provide assistance to industrial businesses and reaffirm those areas' industrial designation (Lang, personal communication; Reynoso,

personal communication). Academics also made a more general argument for additional investments in infrastructure, tax incentives, and job training required to retain industry in the area and in New York City (Lander, 2004; Wolf-Powers, 2005). In addition, councilmembers and advocates also identified several blocks of prospering industrial businesses, which the City proposed to rezone, and lobbied for them to retain their industrial zoning (Reynoso, personal communication; Freedman-Schnapp, personal communication).

Another elected official, New York State Assemblyman Vito Lopez, also entered the rezoning picture. Lopez, the leader of the Brooklyn Democratic Party from 2005 to 2012 (Freedman-Schnapp, 2008), is known for pushing for affordable housing. Through his organization, Ridgewood Bushwick Senior Citizens Council, he has been able to create many units of affordable housing in nearby Bushwick. Although his assembly district is not technically within the rezoning area, he is said to see himself as representing the waterfront (Hirsh, personal communication; Fair, personal communication). The rezoning itself was done through the City government, and Lopez was a state-level representative, so he was not able to vote on it. However, he lobbied along with many other groups for affordable housing provisions. In addition, since Lopez was the Chair of the State Assembly Housing Committee, which oversees the annual extension of the 421-a tax abatement program, he was very involved in developing the 421-a policy that created the tax incentives for the construction of affordable housing on the waterfront and in the rezoned upland areas (Hirsh, personal communication).

The City, via the mayor's office, strongly pursued affordable housing alongside the new development. The Bloomberg administration created a plan in 2002 to create or preserve over 65,000 units of affordable housing to low-, moderate-, and middle-income households within five years (New Housing Marketplace, 2002). By 2004, that goal had increase to 165,000 units by 2013 (New Housing Marketplace, 2004). The City saw an opportunity in Williamsburg and Greenpoint to pursue that goal, but needed to broker a deal acceptable to all sides. The City's first concern was with the legality of mandating affordable housing. As a result, it pushed a package of incentives that was intended to make the inclusion of affordable housing all but irresistible to developers (Sokolow, personal communication; Moore, personal communication). To create such a program, the Mayor's Office and the Department of Housing Preservation and Development (HPD), then under Shaun Donovan, worked closely with developers, who provided feedback about building heights and densities that were necessary to achieve such a result (Sokolow, personal communication).

2. RESULTING REZONING POLICY

After the negotiations, a final rezoning plan was prepared for community and City Council approval. The local Community Board, CB1, was not satisfied with the extent to which the rezoning proposal met the community's goals from the 197-a plans, and voted against it (Brooklyn, 2004). The elected officials, Yassky and Reyna, however, voted in favor of the proposal. As is custom, most other city councilmembers deferred to the local officials and voted with them, and the measure was passed by the City Council with a vote of 49 to 1 on May 11, 2005 (Council, 2012).

The most basic element of the rezoning was the change in land-use designation of a large section of waterfront land from allowing heavy industrial use to allowing residential use at high densities. In addition, the land-use designation for upland manufacturing districts was changed from allowing heavy or light industrial uses to allowing either medium density residential use alone or a combination of medium density residential and light industrial uses. The zones which allowed a combination of uses were called "special mixed-use districts". A large section of Northside Williamsburg and a small section of Greenpoint were previously designated as similar special mixed-use districts, which permitted some residential development under certain circumstances. However, these districts were replaced by new "special mixed-use districts", which allowed both manufacturing and residential development "as-of-right", without any special conditions. The City estimated that the rezoning would allow for the construction of 10,752 units of new housing, of which 2,203 would be affordable (Doctoroff, 2005).

Affordability

As envisioned by the City, the resulting affordable housing provisions included several incentives to promote the creation of affordable housing, without explicitly requiring it, including an expansion of the inclusionary housing program and a modification of the 421-a tax abatement program. New York City's inclusionary housing program began in Manhattan in 1987, in order to create new affordable housing alongside luxury high-rise development. Developers using the program were allowed to build to a higher density in exchange for building or renovating units that would become permanently affordable (Department of City Planning, 2012). These units were not required to be at the same location as the new development, and profits from the additional density were assumed to pay for the provision of the new units. The City did not provide any financial subsidies as part of the program. As part of the rezoning, the

City expanded the existing inclusionary housing program outside of Manhattan for the first time (Sokolow, personal communication), adding two new areas to the territory of the inclusionary program. These two areas were officially known as the Upland area and the Waterfront area, and they included a new set of rules, different from those affecting Manhattan (Figure 7).

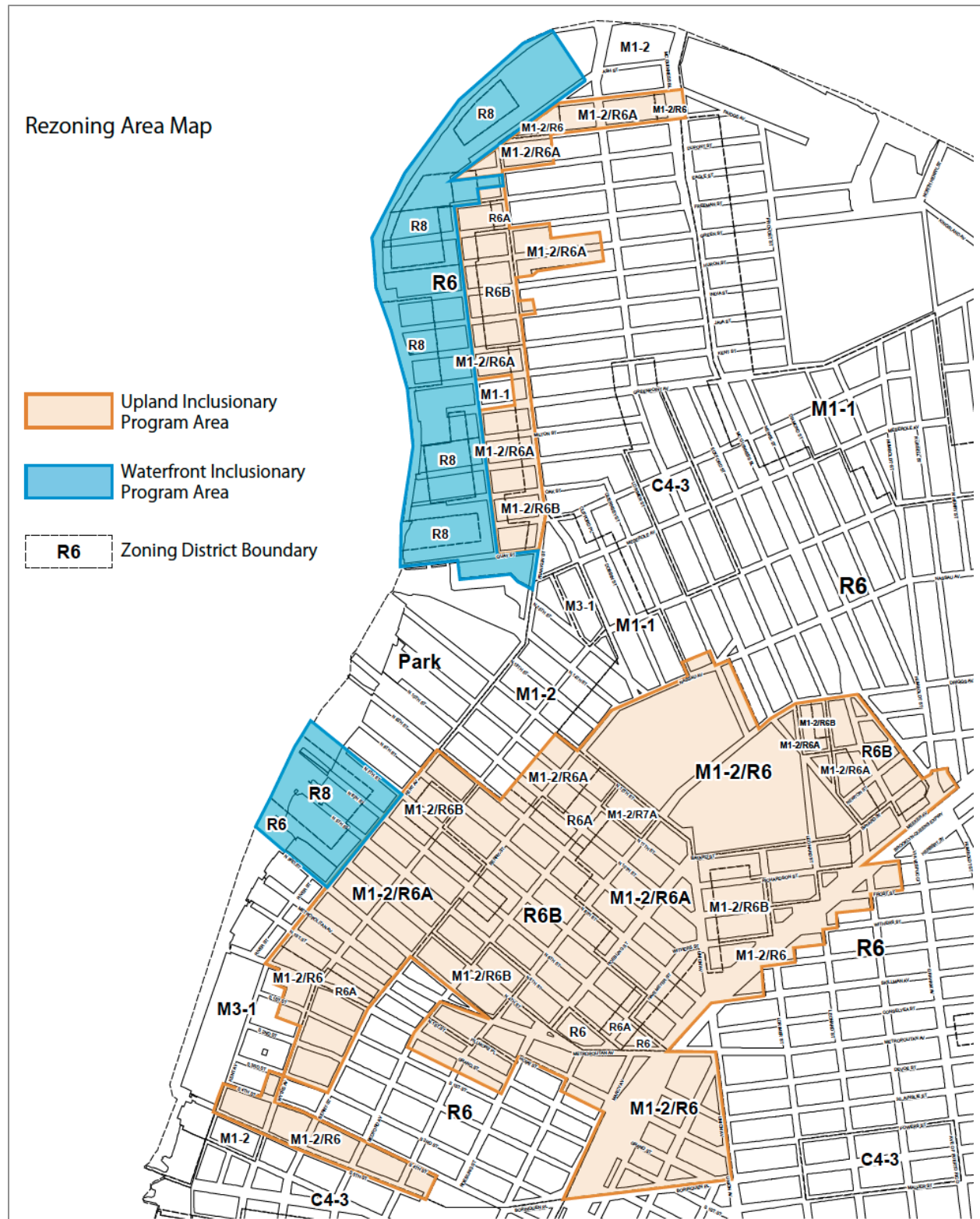


Figure 7. Inclusionary Zoning Areas Created in the 2005 Rezoning

Source: Department of City Planning, 2005

In order to qualify for the inclusionary housing density bonus, developers of property in the Upland area were required to make 20 percent of all units in new developments permanently affordable to households with incomes at or below 80 percent of the Area Median Income (AMI). To qualify for the program in the Waterfront area, developers were required to make 20 percent of units permanently affordable to households with incomes at or below 80 percent of AMI, but they could also opt to make 10 percent of units permanently affordable to households with incomes at or below 80 percent of AMI *and* 15 percent at or below 125 percent of AMI. The program allowed affordable units to be provided on-site within the development, off-site in new construction within the community district or within a half mile of the development itself, or off-site through the significant rehabilitation or preservation of existing affordable units within the community district or within a half-mile (Department of City Planning, 2005).

The AMI referenced in the program is a regionally calculated income level developed by the United State Department of Housing and Urban Development (HUD). It is the standard by which affordable housing is defined in the United States. New York City lies within the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area (MSA), which is the metropolitan region defined by the U.S. Census Bureau. Within the MSA, the 2010 AMI listed on the HPD website to calculate rents was \$79,200; 80 percent of that AMI (“low-income”) is an annual household income of \$63,360, and 125 percent of AMI (“moderate income”) is \$99,000. It should be noted that the actual rent levels required to meet these requirements vary, depending on household size and apartment size. The MSA for New York City includes 18.9 million people from 23 counties in New York, New Jersey, Connecticut, and Pennsylvania, only 8.1 Million of whom live in New York City itself. Many of the suburban counties included in the MSA have much higher median household incomes than the counties of New York City, driving the AMI significantly higher than the median household income of the city itself (\$50,033 in 2009) and higher than the median income of Brooklyn (\$43,166 in 2009), which is higher still than the median income of Williamsburg and Greenpoint (\$39,232 in 2009) (Furman Center, 2009). Thus the government-defined “low income” household in Williamsburg and Greenpoint had an income 50% greater than the median household income in the area (\$63,360 and \$39,232, respectively), calling into question the beneficiaries of new “low income” housing. It should be noted, however, that HUD has recently replaced AMI with HUD Income Limits, which are defined more locally than AMI, although it is not clear when this new definition will be adopted by the City for the purposes of affordable housing requirements. The 2012 median income for New York City under the HUD Income Limits is \$65,000 (Department of Housing

Preservation and Development, 2012), which is closer to the local median income but still significantly higher.

In exchange for providing affordable housing, developers could build at a greater density. In the most restrictive Upland areas, developers could build an additional 10 percent of floor area, while along wide streets in the Upland area and in the Waterfront area, they could build 33 percent more floor area. Some parts of the Waterfront were restricted to 13 percent floor area bonuses, but these required lower levels of affordable housing (Department of City Planning, 2005). The new inclusionary program also allowed developers to pursue additional subsidies to finance affordable housing. In other words, unlike in Manhattan, the density bonus for providing affordable housing in Williamsburg and Greenpoint was not presumed to be significant enough to pay for the costs of building the affordable housing (Sokolow, personal communication).

In addition to the expansion of the inclusionary housing program, the 421-a tax abatement program was modified in 2005 as well. Prior to 2005, the 421-a program provided 10-to-25-year tax abatements, during which time owners were not charged property taxes, to any residential development outside of the Manhattan core, with no requirement for affordable housing. Within the Manhattan core geographic exclusion area (GEA), located roughly between 14th Street and 96th Street, those same tax abatements were only available if a developer paid for the construction or preservation of affordable housing. Affordable housing developers, typically operating in the outer boroughs, were given certificates by the City when they completed construction or renovation of affordable housing. They sold these certificates to Manhattan developers to fund the construction or preservation of affordable housing. By purchasing the certificates, Manhattan developers met the 421-a program requirements for funding affordable housing.

Alongside the rezoning, the State changed the 421-a program to extend the GEA to include sites in a designated Waterfront section of Williamsburg and Greenpoint³, requiring developers in the area to create or preserve affordable housing in order to receive tax abatements. The percentage of affordable housing and the level of affordability required for developers to receive the 421-a benefits in the Waterfront area was nearly identical to the requirements of the inclusionary housing program, described above, making it easy and obvious for developers to utilize both programs together. The largest tax abatement in the Waterfront area, lasting 25

³ The revised 421-a program used the same City-designated Waterfront and Upland areas as the Inclusionary Housing program (Figure 7).

years, required that developers build affordable housing on the same parcel as market-rate units (Department of City Planning, 2005). This was acceptable to developers given the large size of most of the Waterfront sites, which allowed separate affordable housing buildings to be constructed (von Spreckelsen, personal communication). While developers were still allowed to pay for off-site affordable housing in order to receive a benefit, the tax abatement was limited to 15 years and was capped at 200 units, or about 10 percent of the total number of affordable units expected to be built along the Waterfront. In other words, the City planned for 90% of the affordable units on the Waterfront to be built on-site. In the designated Upland area, the 2005 changes allowed developers to continue to receive tax abatements without constructing or preserving any affordable housing. However, the program provided longer tax abatements if affordable housing was included (Department of City Planning, 2005).

To summarize, the 2005 rezoning created a system of density bonuses and tax abatements to induce developers to build affordable housing. The following pro forma (Table 1) provides a hypothetical scenario illustrating how such programs might interact. It is loosely based on research by David Dowall (1985). It should be stressed that this is a hypothetical scenario, designed to convey the thinking behind the programs rather than a realistic development scenario. The pro forma shows that through the inclusionary program, developers are able to build more apartments and achieve greater profits, but since additional apartments are affordable, this results in a lower overall return on investment.⁴ In other words, the developer achieves more total overall profit, but less profit per dollar invested. This may or may not result in developers choosing to use the program. The 421-a tax abatement program provides a tax break for apartment buyers, increasing the price of apartments they can afford, and therefore increasing the amount that a developer can charge for apartments with tax abatements. This is shown on the pro forma as an increased sale prices for developers, increasing revenues and profits. Since the affordability requirements for the 421-a program are so similar to those of the inclusionary housing program, the number of affordable units and the level of affordability would remain largely the same. Thus, combining the 421-a program with the inclusionary housing program likely raises both profits and return on investment for developers, creating a very strong incentive for them to utilize both programs. This is precisely the scenario that the City intended to create.

⁴ For the sake of simplicity, the pro forma assumes that affordable housing is sold as condominiums. However, affordable housing in New York City more typically consists of rental units.

	Without Incentive Programs	With 20% Inclusionary Bonus	With 20% Inclusionary Bonus & Tax Abatement
Units			
Market-rate units	100	100	100
Affordable units	0	20	20
Total units	100	120	120
Costs			
Land	10,000,000	10,000,000	10,000,000
Building and Lot Improvements (\$250,000 per unit)	25,000,000	30,000,000	30,000,000
Financing (\$20,000 per unit)	2,000,000	2,400,000	2,400,000
Selling (3% of revenues)	150,000	168,000	175,200
Total costs	37,150,000	42,568,000	42,575,200
Revenues			
Market-rate units (\$500,000 per unit)	50,000,000	50,000,000	50,000,000
Affordable units (\$300,000 per unit)	0	6,000,000	6,000,000
Tax-Abatement Premium (\$20,000 per unit)	0	0	2,400,000
Total revenues	50,000,000	56,000,000	58,400,000
Profit	12,850,000	13,432,000	15,824,800
Return on investment	0.35	0.32	0.37

Table 1. Hypothetical Development Pro Forma

Source: Loosely based on Dowall, 1985

In the revised 421-a program, 50 percent of tenants moving into new affordable housing developments in the area were required to reside in Community District 1 or within 0.5 miles of the development site. This extended to those who had lived in the area at the time of the rezoning, but moved afterwards (Reynoso, personal communication). With the combination of the Inclusionary and 421-a programs, developers, especially those on the Waterfront, were given very lucrative incentives to develop affordable housing in that area. Specific provisions directed the affordable housing on the waterfront to be built on-site and in a way that guaranteed permanent affordability.

Other efforts were included in the rezoning to prevent displacement. The City committed \$2 million for a tenant legal fund to prevent harassment and displacement. In addition, the City committed to developing 1,345 units of affordable housing on sites that were owned or

controlled by the City or by non-profit entities (Doctoroff 2005). While many of these sites were slated to be developed as affordable housing anyway (Mazur 2012), the City included them as part of the agreement, showing that 33 percent of the new housing built in and around the rezoned area would be affordable.

Open Space

To create new open space, the City also adopted new regulations as part of the rezoning, requiring the construction of a waterfront esplanade alongside waterfront redevelopment. Requirements had existed in New York City requiring waterfront access, beginning in 1993 (Department of City Planning: Waterfront, 2012), but they were modified significantly for the rezoned area. The Department of City Planning worked with developers, community advocates, and the Department of Parks and Recreation to create the Waterfront Access Plan for the rezoning. The revised plan dealt with some of the shortcomings of previous plans, and included more detailed provisions for where waterfront access must be provided, what was allowed to be built within the waterfront open spaces, and how that space should be designed (Moore, personal communication). The Access Plan specified how public streets must provide connections between upland areas and the waterfront, including the creation of new passageways in some locations where public streets did not exist (Department of City Planning, 2005).

The City also committed itself to developing several new parks along the waterfront. The Waterfront Access Plan specifies the locations of proposed parks and waterfront access points (Figure 8). The largest proposed waterfront park was Bushwick Inlet Park, located between North 9th Street and the northern edge of Bushwick Inlet. However, the City did not change the zoning restrictions on the site, which remained M3-1, allowing heavy industrial use. At the time of the rezoning, the City did not own any properties on the site. As mentioned earlier, the site along the southern edge of Bushwick Inlet had an active proposal for the construction of a natural gas power plant (TransGas, 2003). Directly south of Bushwick Inlet Park, the State of New York independently planned and developed East River State Park, between North 7th and North 9th streets.

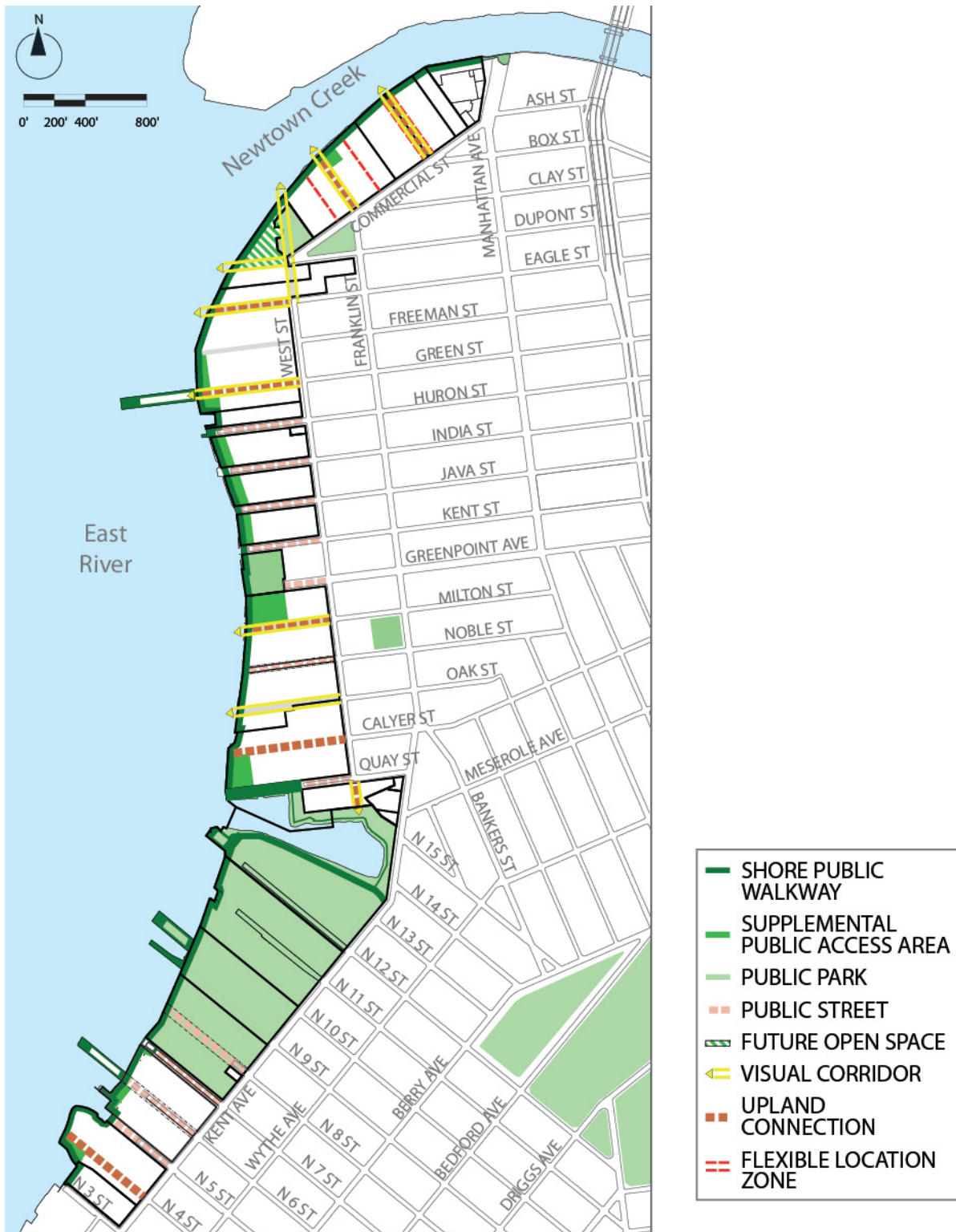


Figure 8. 2005 DCP Waterfront Access Plan

Source: Department of City Planning, 2005

One point of contention was the ownership of the waterfront esplanade. The City first proposed that private developers build the esplanade and then operate the sections as privately owned public spaces. Neighborhood groups and elected officials, however, were able to convince the City to create a mechanism in the final rezoning for the Department of Parks and Recreation to take control of the esplanade sections, and for them to become public parkland. This was done through transfer provisions, in which the Department of Parks and Recreation approves the design and oversees the construction of the spaces, after which the developer transfers the property to the City. The developer then pays into an ongoing maintenance fund, which pays for the operation and maintenance of the new parks (Moore, personal communication).

Several smaller sites in the area were proposed by the City for parkland, the most important of which were at 65 Commercial Street, Transmitter Park at Kent Street, and the Newtown Barge Park at Dupont Street, all located in Greenpoint along the waterfront (Doctoroff, 2005). Unlike Bushwick Inlet Park, where the land use restrictions were maintained, on the proposed waterfront park sites in Greenpoint, the City changed the land use restrictions from allowing heavy industrial uses to allowing medium- and high-density residential uses (Department of City Planning, 2005). The City also committed to undertake major upgrades to McCarren Park, located right at the border of the Northside Williamsburg and Greenpoint and by far the largest park in Community District 1. The upgrades included funding for improvements to McCarren Pool, for interim use as an events venue, as well as lighting upgrades, and traffic studies for the potential demapping of streets running through the park. These promises were made through the Points of Agreement, a letter sent by the Deputy mayor, in which the City committed to these improvements and to other actions described below (Doctoroff, 2005).

Jobs and Industry

While the overwhelming thrust of the rezoning was to rezone manufacturing land for residential uses, there were several provisions for the retention of industrial land and jobs. Along the waterfront and west of McCarren Park, the Bushwick Inlet area was deemed to have “viable” industry. Unlike the other manufacturing districts in the rezoning area, it gained jobs between 1991 and 2002. This area was termed an “industrial sanctuary”, intended for continued industrial use. Residential uses continued to be banned in the area, but the land use restrictions for all but one block of this section were changed from allowing heavy industrial uses to only allowing light industrial uses (Department of City Planning, 2005), presumably to fit better with now-adjacent residential land uses and to better match the types of businesses located there. In addition, the

City committed to designating the Bushwick Inlet area, described above, as an Industrial Business Zone (IBZ), providing tax credits and other incentives for businesses there to expand and for other businesses to locate there. The mayor's office, via the Points of Agreement, also committed to maintaining industrial uses in the much larger industrial areas in East Williamsburg, and to include them as part of an IBZ as well. EWVIDCO, a subsidiary of St. Nicks Alliance, was selected to manage both IBZs. The administration committed to not rezone these areas, to actively deny residential variance applications in these locations by red-flagging them, and to dedicate staff to identifying and preventing illegal residential conversions. Finally, the city committed to providing \$2 million for the retention of industrial businesses in the area and \$68 million for the development of new industrial space in the nearby Brooklyn Navy Yard area (Doctoroff, 2005), one of the Significant Maritime/Industrial Areas designated in the 1994 Brooklyn Waterfront Plan, described above.

In total, through the 2005 Points of Agreement, the City committed to spending \$104.8 million on affordable housing, open space, and industrial preservation in Williamsburg and Greenpoint (Doctoroff, 2005), as follows:

- Open Space (\$23.1 million)
 - *Dupont Street Site: \$7.5 million*
 - *65 Commercial Street: \$14 million*
 - *McCarren Park: \$1.6 million*
- Industrial Preservation (\$69.7 million)
 - *Existing Manufacturing Business Preservation: \$2 million*
 - *Infrastructure Improvements: \$67.7 million*
- Affordable Housing (\$12 million)
 - *Affordable Housing Infrastructure Fund: \$10 million*
 - *Tenant Legal Fund: \$2 million*

To ensure that the City's many commitments made in the Points of Agreement were respected, the City created a Community Advisory Board (CAB), comprised of community leaders, local elected officials, and representatives from relevant city agencies. The CAB would meet regularly to work towards the implementation of these commitments (Doctoroff, 2005). As of this writing, the CAB is still active and meets regularly.

3. STAKEHOLDER REACTION

In general, there were mixed reactions to the final rezoning policies. Most developers thought that the requirements put too much of the burden for providing public amenities on their shoulders. Many developers and development groups also felt that they would have preferred an even greater density in the rezoning (Slattery, personal communication). In general, though, most felt that the City had worked hard to bring about an agreement that was acceptable to a diverse set of needs (Moelis, personal communication; Fair, personal communication).

The reaction of community leaders was more mixed. Many were dismayed at the height allowed in new developments and saw many of the incentives for affordable housing as giveaways to developers. In addition, some saw the City's commitment to developing affordable housing on City-owned sites as not very beneficial, since many of these sites were slated to be developed as affordable housing anyway (Lang, personal communication). This plan included the construction of a large number of low-income housing units on a small number of sites, leading some housing advocates to worry that the high concentration of low-income families would experience the same types of problems as the high-rise public housing developments built decades earlier (Mazur, personal communication). Finally, manufacturing advocates were dismayed at the large reduction in land designated for industrial use (Archibald, personal communication; Freedman-Schnapp, personal communication). These concerns were most evident in CB1's rejection of the rezoning. Individual officials and community leaders, however, saw the expansion of affordable housing programs into the outer boroughs as an important victory (Hirsh, personal communication; Pagan, personal communication). However, Alison Hirsh, former Chief of Staff to Vito Lopez, went on to describe a need for even more affordable housing, given the constant loss of affordable housing in the city, as existing programs and subsidies expire. Despite community opposition, the elected officials at the time, Reyna and Yassky, were satisfied enough to vote in favor of the rezoning.

IV.B. 2008 Changes to the 421-A Program

In 2007 and 2008, following up on the rezoning of Williamsburg and Greenpoint, the citywide 421-a tax abatement program was modified a second time, expanding the 2005 provisions to the rest of Williamsburg and Greenpoint and to other parts of the city. As mentioned above, prior to 2007, developers were able to receive tax abatements for any residential development in the city, except for a geographic exclusion area (GEA) in Manhattan between 14th Street and 96th

Street and along the Williamsburg and Greenpoint Waterfront after 2005. In the GEA, developers were required to fund the construction of affordable housing in order to obtain tax abatements, through a program known as the 421-a Affordable Housing Program (Department of Housing Preservation and Development, 2007), but commonly known as the “certificate program”. When affordable housing developers completed developments within city limits, the City gave them certificates, which they sold to developers in the GEA to meet 421-a affordable housing requirements. The price paid for the certificates was negotiable with the affordable housing developers. As many groups called for changes to the program, including the City itself, a process began to alter the program on a larger scale.

While different groups were pushing for amendments to the 421-a program, their perspectives on the problems and the solutions were quite different. Developers saw that the existing 421-a certificate program was not functioning very efficiently. Often the prices that developers paid for each certificate was just a small fraction of the tax credit value that they received from the City. In other words, for each dollar of taxes foregone by the city, often less than 40 cents worth of affordable housing would be funded through the sale of certificates (Moelis, personal communication; Sokolow, personal communication). The City understood this problem and sought to create a more efficient system as well. In general, though, developers liked the certificate program, as it was easy for them to fund affordable housing, without having to deal with the complexities of building it themselves (Sokolow, personal communication). There was also strong opposition from developers to changing the boundaries of the GEA, as doing so would place a greater financial burden on development.

Affordable housing advocates, including many politicians, saw things very differently. As many neighborhoods in New York City gentrified, housing prices soared. Advocates argued that the 421-a program, created to spur development at a time when the city saw little private investment, was now giving tax breaks for luxury condo development (Levin, personal communication). In addition, most of the affordable housing was being created in very specific parts of the city, much of it in the South Bronx (Sokolow, personal communication). As a result, many advocates felt that the benefits that resulted from each subsequent neighborhood’s rise in popularity went overwhelmingly to wealthier new residents and developers. As prices increased, many longtime residents were forced to leave neighborhoods where they had spent their entire lives (Mazur, personal communication; Levin, personal communication; Reynoso, personal communication). Even when affordable housing was encouraged through subsidy programs, it was built in other neighborhoods entirely, doing nothing to prevent displacement in the

neighborhoods experiencing strong growth. As part of the negotiations to modify the citywide 421-a program, many politicians were consulted for input regarding changes to the boundaries of the GEA (Slattery, personal communication). Some politicians even wanted to extend the GEA to cover the entire City, so that all tax abatements given to developers would require the creation of new affordable housing (Yassky, personal communication).

The Mayor's offices, through HPD, convened a task force in February 2006 to discuss changes to the 421-a Affordable Housing Program (Department of Housing Preservation and Development, 2007). The task force included developers, City bureaucrats, and housing advocates (Sokolow, personal communication). State Assemblyman Vito Lopez, introduced earlier, played a prominent role in the actual changes to the 421-a program, pushing for the inclusion of stricter affordable housing requirements. His office drafted the legislation that actually changed the program at the state level, and his political clout was critical to seeing the legislation passed (Hirsh, personal communication).

Mayor Michael Bloomberg signed Local Law No. 58 in 2006, Governor Eliot Spitzer signed Chapters 618, 619, and 620 of the laws in 2007, and Chapter 15 in 2008, and the legislation went into nearly full effect on June 30, 2008. The resulting changes to the 421-a program were sweeping. The certificate program was eliminated entirely. No longer could developers purchase affordable housing certificates to satisfy affordability requirements. In addition, the GEA was expanded to include all of Manhattan, large parts of Brooklyn and Queens, and sections of the Bronx and Staten Island (Department of Housing Preservation and Development, 2012) (Figure 9). In the expanded GEA, new requirements mandated that affordable housing be built on-site in order to receive tax abatements. In terms of Williamsburg and Greenpoint, the new GEA covered nearly the entirety of both neighborhoods, subjecting developers in the area to on-site affordable housing requirements in order to qualify for tax abatements. The special Waterfront 421-a program, however, was left unchanged.



Figure 9. 421-a Geographic Exclusion Area Adopted in 2008

Source: Housing Preservation and Development, 2012

While the certificate program was eliminated for future affordable housing developments, many affordable housing developers had already received but had not yet sold certificates for projects completed before the certificate program expired. Therefore, the City allowed the continued sale of certificates after the changes were enacted, but stopped granting new certificates (Department of Housing Preservation and Development, 2012). This provision was fought for by

developers, who wanted to create a smoother transition between two different systems, even though they were not in favor of the changes (Slattery, personal communication).

In reaction to the changes, developers were generally dismayed that the certificate program had ended. Many thought that the certificate program could have simply been modified to make it more efficient and were highly skeptical of the ability of the new program to create affordable housing (Moelis, personal communication; Fair, personal communication, von Spreckelsen, personal communication). Housing advocates celebrated the large expansion of the GEA and on-site affordability requirements. However, some still expressed concern that the affordability requirements expire when the tax benefits expire, leading to a future loss of affordable housing (Hirsh, personal communication). This is different from the inclusionary program, which requires permanent affordable housing in exchange for additional development rights. Another concern with the 421-a changes, described by a critical member of the Department of Housing, Preservation and Development, was that they rely heavily on subsidies to create affordable housing. If the general decrease in government subsidies is accompanied by an explosion in demand for housing subsidies as a result of these policies, it could dramatically limit the effectiveness of the 421-a program (Sokolow, personal communication).

IV.C. Other Policies and Changes in Greenpoint and Williamsburg

In addition to the rezoning and changes to the 421-a program, several other policy changes have affected Williamsburg and Greenpoint. In 2003, when the waterfront rezoning was being planned, the Amstar Sugar Refinery (a.k.a. Domino) was still active in the area, employing many locals, and was not included in the original waterfront rezoning proposal. However, midway through the rezoning process, the plant closed, leaving many people out of work. A local affordable housing group, Community Preservation Corporation (CPC), acquired much of the site, and then pursued a private rezoning for the area. Since the City was aware of the plant's closure before the 2005 rezoning was completed, the City agreed to expedite the public review of the rezoning of the site to allow residential uses (Doctoroff, 2005). This private rezoning involved a completely separate set of negotiations, which included City bureaucrats, elected officials, neighborhood groups and CPC representatives, as well as a consortium of other for-profit developers. After a series of proceedings to designate the buildings as landmarks and much negotiation, the final agreement was made in 2010. A major result of the agreement was that 40 percent of the units be developed as affordable housing (Fair, personal communication).

In addition, a large upland residential area was rezoned in 2009 to require more context-sensitive development. This was done in response to a proliferation of development that did not match the character of the neighborhood. Existing zoning regulations limited the density of new development in the area but did not limit building heights. Developers took advantage of this to build “finger buildings”, which are taller structures that occupy smaller portions of a lot but achieved the same density as the traditional shorter buildings that occupied more of the lot. Many local residents objected to the increased heights of new buildings, which blocked views and were out-of-character with the neighborhood. To remedy the situation, the zoning was changed in 2009 to restrict heights throughout Greenpoint and Williamsburg. The zoning change also added new territories along commercial corridors to the inclusionary housing program, along the model created in the 2005 rezoning (Department of City Planning, 2009).

Since 2005, development has occurred in many parts of the rezoned area, especially in Williamsburg and much less so in Greenpoint. Along the rezoned waterfront, two high-rise sites (The Edge and Northside Piers) have been developed and one industrial warehouse has undergone adaptive reuse as housing. All three sites, which are adjacent to each other, include new waterfront esplanades. The two high-rise developments include nearly 1,015 new units of market-rate housing and 460 new units of affordable housing as of this writing. In addition, many developers broke ground on new buildings in order to lay foundations before June 30, 2008, when most of the study area became part of the GEA. By constructing foundations before that date, developers were eligible to receive 421-a tax abatements without being required to construct on-site affordable housing. In their rush to break ground, many developers began construction before obtaining the financing they needed to complete the rest of the project (Dunn, personal communication).

In 2008, Bear Stearns and Lehman Brothers failed as a result of the subprime mortgage crisis, and the economy began to take a dramatic downturn, often called the Great Recession. The housing market weakened considerably, and financing for new development quickly dried up. As a result, many developers with projects underway in Williamsburg and Greenpoint were not able to find financing to continue them, leading to a proliferation of stalled construction sites throughout the area (Lang, personal communication). According to data compiled by the Department of Buildings, in 2009 there were 398 stalled construction sites in New York City, 48 of which were in Williamsburg and Greenpoint. By June 2012, 85 out of 698 stalled sites were located in the area, 12 percent of the total stalled sites (Buildings, 2012).

V. ANALYSIS

This chapter provides an assessment of the many changes in the area since 2005, with particular attention to how various stakeholders perceived those changes. First, the changes themselves will be assessed in terms of a few critical factors, including demographics and affordability. Then, the lessons learned by stakeholders from the new policies will be discussed in terms of what positive and negative effects they saw, looking back. Finally, the broader meaning of the changes will be examined from the perspectives of the various stakeholders.

V.A. Area Changes

Many changes have occurred in the Williamsburg and Greenpoint area since 2005. This section discusses changes to demographics, affordability, quality of life, and business activity in the area. The changes are described with data collected about the area as well as the opinions of stakeholders, including community leaders, City bureaucrats, elected officials, and developers. As described above, some stakeholders had only limited involvement in the area since 2005. For example, many developers were primarily involved in the area through the construction of their buildings. However, their opinions about the area are included since the policies that they helped create and the buildings that they built had significant impacts on the neighborhoods, and their perspective is therefore informative.

1. DEMOGRAPHICS

The demographic changes in Williamsburg and Greenpoint have been ongoing for years. Between 1990 and 2000, the area gained nearly 4,400 residents, a modest 3 percent increase in population (Chart 4). However, during the same decade, the area lost 7,500 local Hispanic residents, an 11 percent decrease in the Hispanic population. As a percentage of the area population, Hispanics declined from 44 percent to 38 percent. During the same decade, the white population increased by 5,200 people, increasing the white percentage from 46 percent to 48 percent of the population (U.S. Census Bureau, 1990, 2000). However, it is not possible to distinguish between several groups that fit into the category of White non-Hispanic, including Hassidim, Polish, and the more recent wave of young white professionals. According to this data, though, demographic change was well underway in the 1990s.

Between 2000 and 2010, the changes underway in the 1990s occurred even faster. The total population gained nearly 13,000 new residents, an increase of 8 percent. The Hispanic

population lost nearly 13,000 residents and by 2010 accounted for only 27 percent of the population, compared to 44 percent in 1990 (U.S. Census Bureau, 2000, 2010). This matches the description given by elected officials, who explained that many lower-income Hispanic residents moved to Ridgewood, Bushwick, and East New York, as they could no longer afford the rent in Williamsburg. Councilmember Reyna's office saw the outmigration of Hispanics as something that increased after the rezoning, and something that was largely irreversible (Reynoso, personal communication).

The white population continued to grow as well, adding over 28,000 new residents, a 37 percent increase. By 2010, the white population accounted for 61 percent of the total population, up from 46 percent in 1990. Many interview subjects also noted the increase in the white population. In addition, the Asian population in the area nearly doubled between 2000 and 2010, but still constituted only 5 percent of the total population (U.S. Census Bureau, 2000, 2010). New residents have moved increasingly to areas that were formerly dominated by a single ethnic group, however, the new and existing residents have largely avoided conflict. Several community leaders described efforts by some existing residents to engage and interact with new residents and incorporate them into the community (Mazur, personal communication; Reynoso, personal communication). This would seem to create an environment, as described by Lance Freeman, where existing residents can benefit from loose social ties to newer residents.

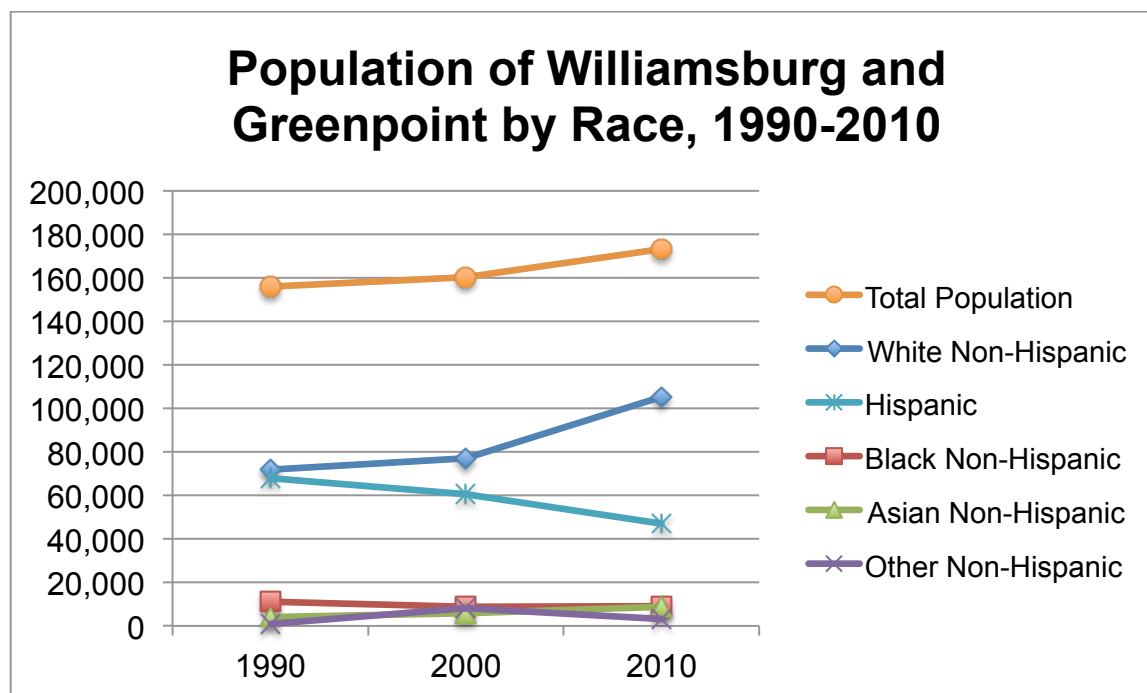


Chart 4. Population of Williamsburg and Greenpoint by Race, 1990-2010

Source: U.S. Census Bureau, 1990, 2000, 2010

The United States Department of Health and Human Services defines the poverty line as \$23,050 for a family of four in 2012⁵. In 2000, 48 percent of households in Williamsburg and Greenpoint earned less than \$25,000 per year (in 2000 dollars). By 2010, that percentage dropped to 36 percent. On the opposite end of the spectrum, in 2000, the percentage of households earning over \$100,000 (year 2000 dollars) was only 5 percent. By 2010, that percentage had grown to 16 percent. In addition, the percentage of household earning between \$25,000 and \$50,000 declined while the percentage earning between \$50,000 and \$100,000 increased (Chart 5). In short, the population grew significantly wealthier between 2000 and 2010.

⁵ Income data are shown in dollars for the year the data were collected. In a ten-year timeframe, deviations due to inflation are minor.

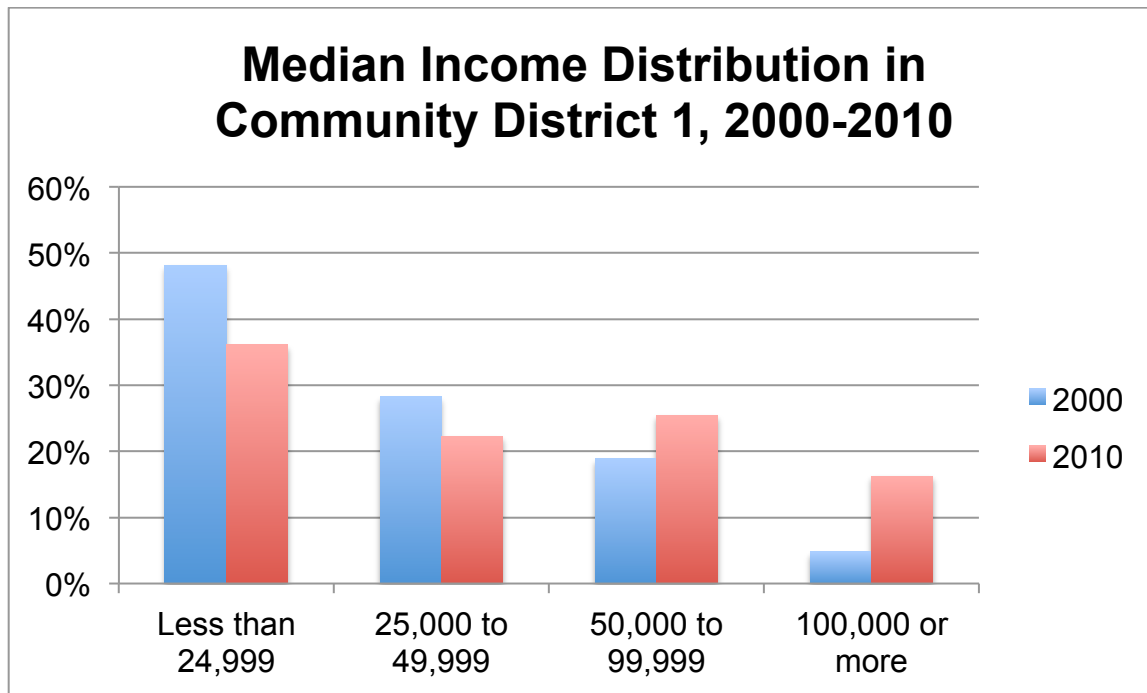


Chart 5. Median Income Distribution in Community District 1, 2000-2010

Source: U.S. Census Bureau, 2000, 2010

2. AFFORDABILITY

Changes to the affordability of the two neighborhoods were perhaps the least contested subject. The area added over 13,000 new units of housing between 2000 and 2010 (Chart 6), and the market-rate price for that housing has increased significantly.

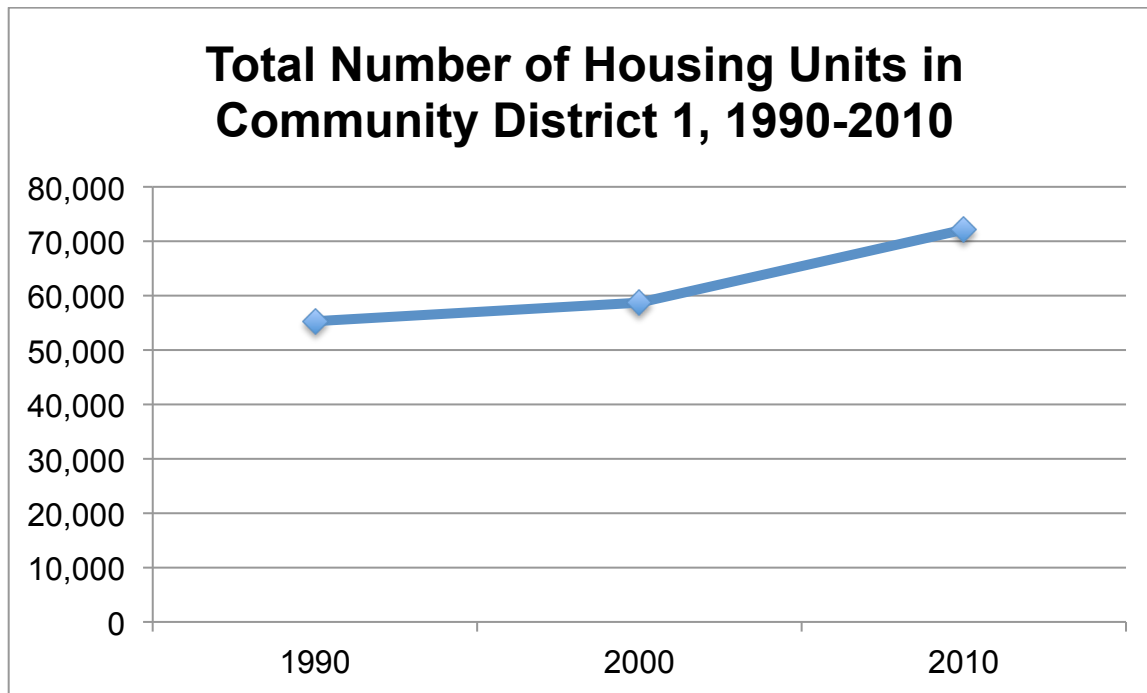


Chart 6. Total Number of Housing Units in Community District 1, 1990-2010

Source: U.S. Census Bureau: Decennial Census

Data from the New York City Housing and Vacancy Survey shows that market-rate rents in Williamsburg and Greenpoint have grown steadily, both in absolute terms and in relation to market-rate rents in Brooklyn overall, but have remained consistently in line with citywide averages. In 2002, median rents in Williamsburg and Greenpoint were nearly the same as in Brooklyn as a whole, and very close to the citywide median. By 2011, the median rent in Williamsburg and Greenpoint was well above the median for all of Brooklyn, but remained similar to the citywide median. This suggests that median rents in Brooklyn have become cheaper relative to the citywide median, while Williamsburg and Greenpoint rents follow citywide trends in median rent more closely. Between 2002 and 2011, the median market-rate rents in Williamsburg and Greenpoint rose 82 percent, while rents in Brooklyn rose 50 percent and Citywide rents rose 76 percent. In Manhattan, rents rose only 14 percent, but from a much higher starting point. Overall, rents in Williamsburg and Greenpoint rose significantly since 2005, especially compared to Brooklyn rents. However, they rose at a similar rate as the rest of the city and remained significantly cheaper than Manhattan rents (Chart 7).

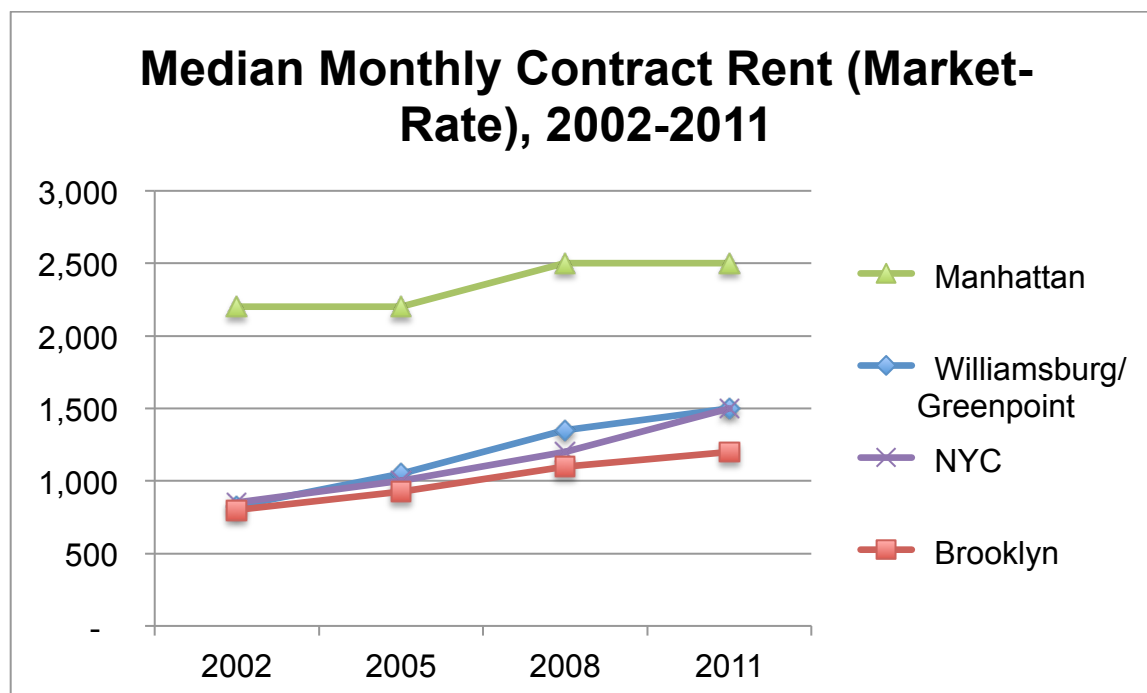


Chart 7. Median Monthly Contract Rent (Market-Rate), 2002-2011

Source: Department of Housing Preservation and Development, 2002, 2005, 2008, 2011

Rents are typically examined in relation to household income, as higher income households can afford more expensive apartments. In Williamsburg and Greenpoint, the rental price as a percentage of household income has fallen slightly since 2005, but stayed near 30 percent of total income, which is the benchmark for affordability. Rents that are below 30 percent of household income are considered affordable. The change in median rent as a percentage of income roughly mirrors Brooklyn and citywide trends, although the borough and the city showed a slight increase from 2008 to 2011, indicating that for the median family, rent was becoming less affordable in Brooklyn and citywide, while in Williamsburg and Greenpoint the median household was more able to afford rent (Chart 8). It is very important to note that affordability could increase due to either rising incomes or declining rents. As shown above, the median rents are increasing. In addition, the number of high-incomes households in the area is increasing while the number of low-income households is decreasing. This suggests that the area is growing more affordable because incomes are rising faster than rents. Given the changes in ethnic and racial composition of the area, the increase in income levels is likely due to higher-income residents moving into the area and lower income residents moving out of it.

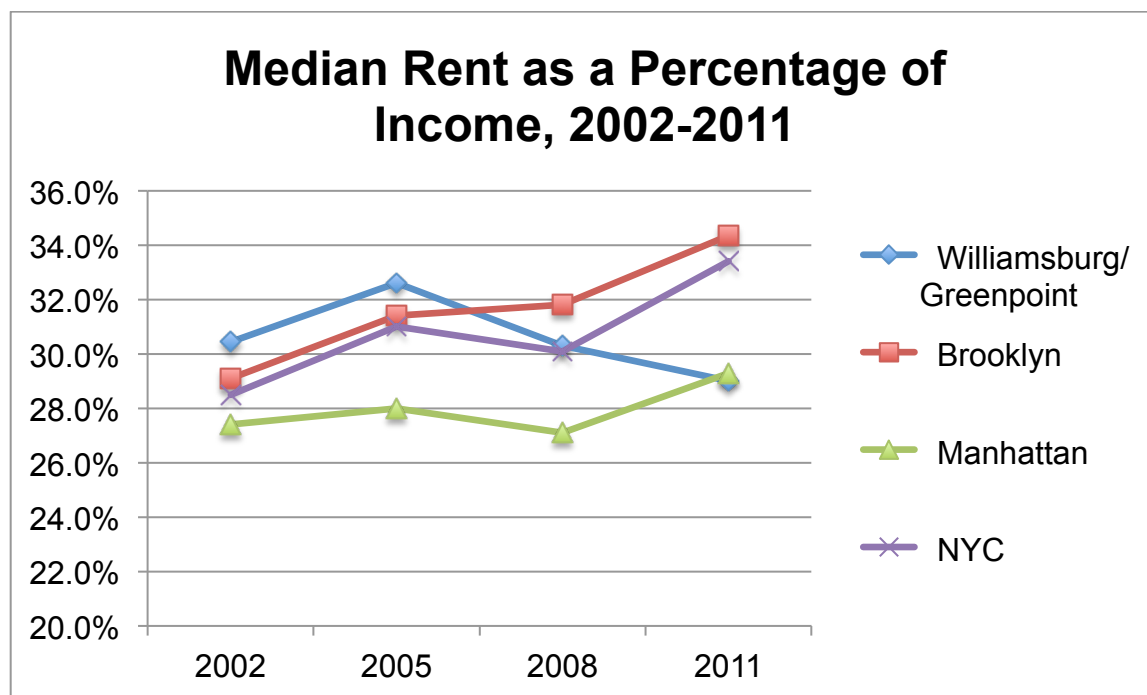


Chart 8. Median Rent as a Percentage of Income, 2002-2011

Source: Department of Housing Preservation and Development, 2002, 2005, 2008, 2011

For the median family, rents remain at the affordability threshold of 30 percent of income. However, over half of households in New York City, Brooklyn, and Williamsburg and Greenpoint qualify as “rent-burdened”, as they pay over 30 percent of their income in rent. This statistic has remained largely constant since 2002, growing slightly for citywide and Brooklyn households, while growing and then declining for Manhattan households. In Williamsburg and Greenpoint, however, the percentage of rent-burdened households declined six percent between 2002 and 2005, and then increased 12 percent from 2005 to 2011, after the rezoning went into effect. The area reached a peak of over 57 percent of rental households qualifying as rent-burdened in 2011 (Chart 9). The category of “severely rent-burdened” households is similar, defined as the set of households that pay over 50 percent of their income in rent. The data show that between 25 percent and 30 percent of households in Williamsburg and Greenpoint, Brooklyn, and citywide are severely rent-burdened. In all areas shown, except Manhattan, this rate has grown since 2002, with the sharpest increase in Williamsburg and Greenpoint occurring after 2008, three years after the rezoning was adopted (Chart 10).

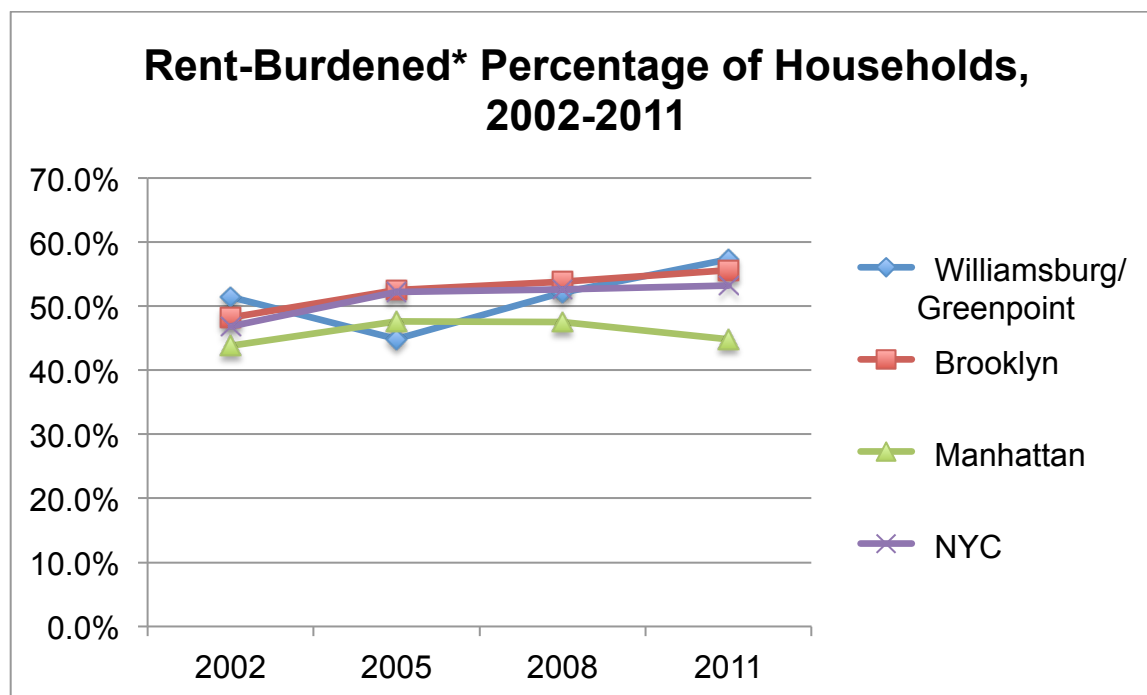


Chart 9. Rent-Burdened Percentage of Households (*rent > 30 percent of income), 2002-2011

Source: Department of Housing Preservation and Development, 2002, 2005, 2008, 2011

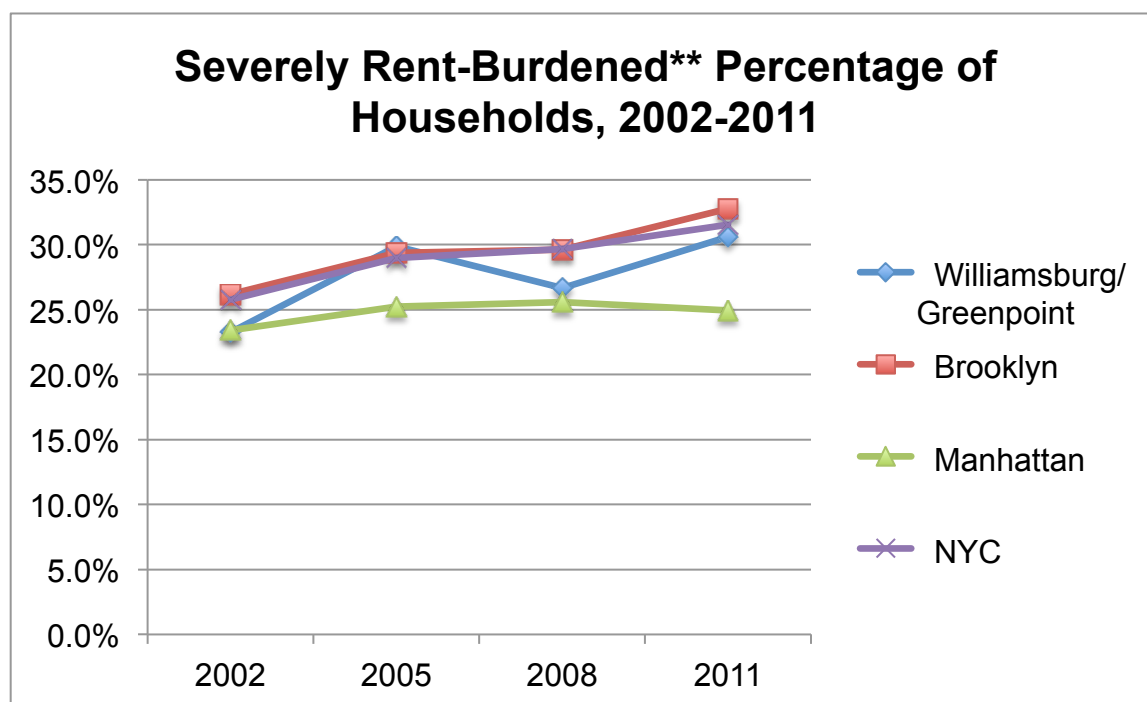


Chart 10. Severely Rent-Burdened Percentage of Households (rent > 50 percent of income), 2002-2011**

Source: Department of Housing Preservation and Development, 2002, 2005, 2008, 2011

The data describe a severe lack of affordable housing in the city. This problem appears to be increasing in scale, as more households become rent-burdened or severely rent-burdened. Williamsburg and Greenpoint appear generally to follow citywide trends in terms of affordability. Even the decrease in the statistic of rent as a percentage of income is likely due to higher-income households replacing lower-income ones. Median rents in the area are increasing, rising much quicker than median rents in Brooklyn. However, even this change is in line with citywide median rent increases, indicating a citywide problem of decreasing housing affordability.

Increases in rental prices, coupled with an inability or unwillingness to relocate, can result in crowding conditions. Severe crowding is defined as a household with more than 1.5 residents per room. Data for the city show a general decrease in crowding from 2002 to 2005, and then a general increase from 2005 to 2011. While generally following these trends, Williamsburg and Greenpoint showed rates of severe crowding that were higher than citywide and Brooklyn rates in 2002, but were lower than those rates in 2011, even as rental prices increased (Chart 11). This decrease in the rate of overcrowding could be due to fewer households resorting to doubling up. However, it could also be due to the addition of additional housing units that are not severely crowded, which have decreased the percentage of overcrowded housing units without decreasing their absolute number. There is not enough data to say which is the case.

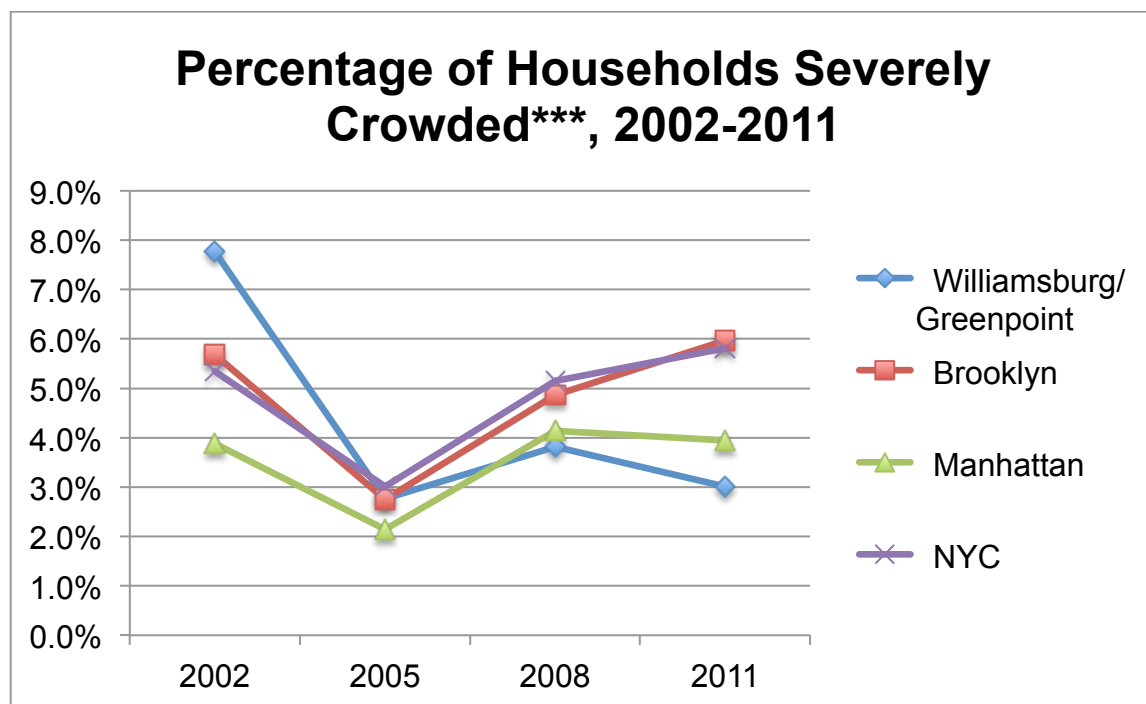


Chart 11. Percentage of Households Severely Crowded (*) > 1.5 residents / room), 2002-2011**

Source: Department of Housing Preservation and Development, 2002, 2005, 2008, 2011

Community leaders and elected officials were quick to point out that housing prices had increased dramatically. In Hispanic areas, councilmember Reyna's chief of staff claimed that even professionals were being displaced from the area due to rising prices, and that only those whose housing was protected from dramatic rent increases were able to remain in the area (Reynoso, personal communication). This claim echoes the findings of Lance Freeman in his study of gentrification in Clinton Hill and Harlem, described above. Several community leaders in Williamsburg and Greenpoint had stories of landlords raising rents to gain more income from their property, often forcing out residents who had lived in the area for decades. Only in Greenpoint, where a local leader cited a high rate of home ownership, were rising prices of less concern. However, even there, the community leader was concerned that rising prices were causing the Polish community to move to Ridgewood. However, because many Poles in Greenpoint were homeowners, they were able to sell their houses and make a profit when they moved (Mazur, personal communication).

Some developers also acknowledged increases in rent in the area, although to a much lesser extent. Other developers who were no longer active in the area were not as familiar with rental

rates but guessed that they had probably increased. Some took a broader view, saying that rents were still relatively cheap when compared to Manhattan rents, a notion that is born out by the data described above (Moelis, personal communication; Fair, personal communication).

3. QUALITY OF LIFE

Quality of life is perhaps the most subjective categories used to measure neighborhood change. Data show that between 1998 and 2009, the number of service businesses have increased significantly in the Williamsburg area, particularly in the accommodations & food services and retail sectors (discussed below). This likely translates to increased opportunities for dining and shopping, and likely a greater diversity of businesses. The Greenpoint area, however, did not experience much growth in these sectors, despite similar changes to zoning.

The opinions about changes in quality of life seemed to depend largely on the scope of analysis and the recipient of the benefits. When asked about changes to quality of life in the area, most developers tended to focus on the immediate area that was rezoned. They saw an area, previously marked by parking lots, abandoned buildings, and an inaccessible waterfront, that had blossomed to life with new residents, restaurants, and parks. They saw a new waterfront esplanade, crowds drawn to the Brooklyn Flea Market, and declining crime in the area (von Spreckelsen, personal communication; Dunn, personal communication). Some saw a new market for luxury waterfront development flourish in an area where no such market had previously existed (Fair, personal communication).

A major negative effect on the quality of life in the area was increased congestion on sidewalks and especially on the L train, due to the influx of additional residents (Levin, personal communication; Gillespie, personal communication). Indeed, the L train has experienced dramatic growth in ridership, with a 93 percent increase in riders between 1998 and 2011, compared to a 30 percent increase in riders across the whole subway system during the same period. Despite this ridership growth, which would be accelerated by the rezoning, the Metropolitan Transportation Authority (MTA) was not a part of the rezoning negotiations. Instead, the MTA reacted to increasing congestion as it occurred. To address growth on the line, the MTA increased service by 42 percent during rush hour and by 52 percent daily (Prendergrast, 2011). In June 2012, the MTA announced additional trains on the L subway line, with the number of rush hour trains increasing from 17 to 19 and a total of 16 additional round-trips on weekday (Donohue, 2012). The MTA also used the L line as a testing location for

Communication-Based Train Control (CBTC) as well as Automatic Train Operation (ATO) which would improve signals and operations to allow for up to 26 trains per hour, a potential 53 percent increase in service over 2011 levels. These levels of service have not yet been implemented (Prendergrast, 2011) and crowding is still a common problem.

Community leaders were generally split on the overall benefits. Many agreed with developers that the quality of life had improved, as new services and residents moved into the area and new parks and open space opened. They also cited declining crime as a real benefit (Yassky, personal communication; Lang, personal communication). However, many were also quick to qualify that the improvements to quality of life only benefitted those who were able to stay in the area. Residents who were priced out of the area may have experienced a reduction in their quality of life, due to poorer services in their new neighborhoods and disruptions to fragile social networks.

4. BUSINESSES

Changes to businesses can give an interesting perspective on how the area has changed. Data on business entities is available through the U.S. Census bureau, based on ZIP Codes. In the Williamsburg and Greenpoint areas, there are two ZIP codes that best align with the areas that were rezoned. The 11211 ZIP code includes the Williamsburg waterfront and much of the upland area that was rezoned, while the 11222 ZIP code includes all of Greenpoint. The data show a strong difference in how businesses changed in the two neighborhoods between 1998 and 2009 (Chart 12 and Chart 13).

Williamsburg saw strong growth in the Service Sector, with particular growth in the number of retail trade, real estate, and accommodation & food services businesses. In addition, the number of construction establishments also grew, while manufacturing and other industrial-sector industries experienced a decline. These changes seem to fit logically with the narrative of a declining industrial sector being replaced by an economy catering to the needs of a growing number of residents. Construction grew, to build housing for the new residents, and services, especially in the retail and food sector, grew to provide more amenities for residents.

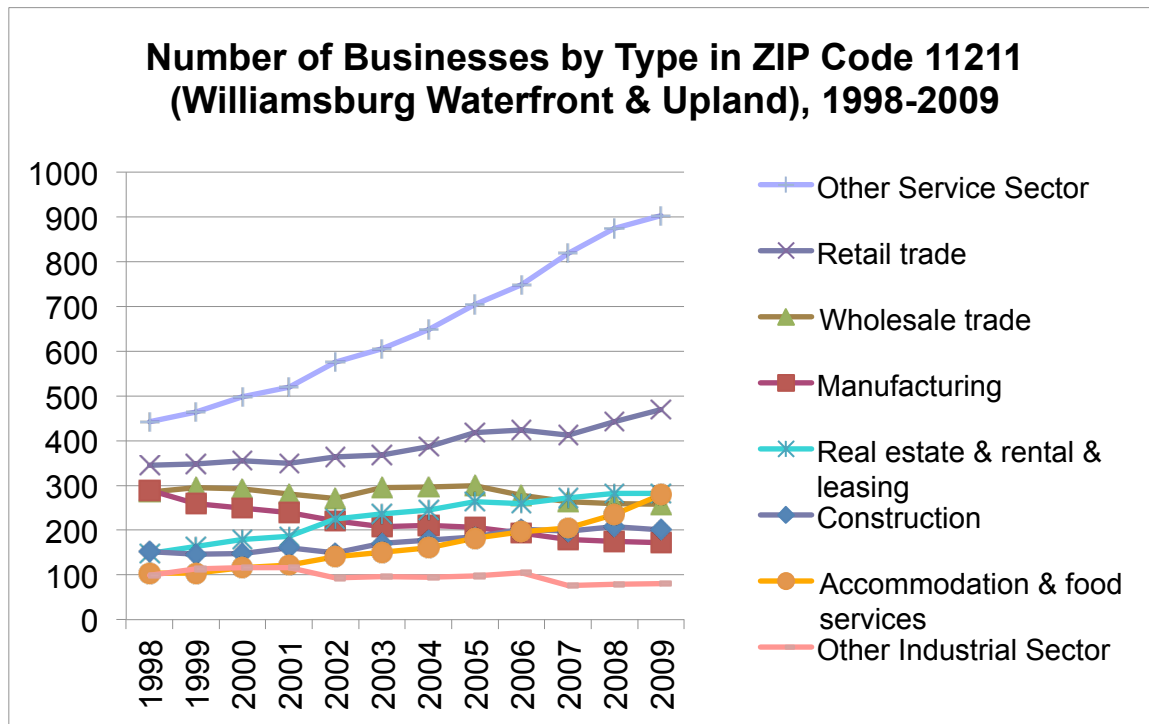


Chart 12. Number of Businesses by Type in ZIP Code 11211 (Williamsburg Waterfront & Upland), 1998-2009

Source: U.S. Census Bureau

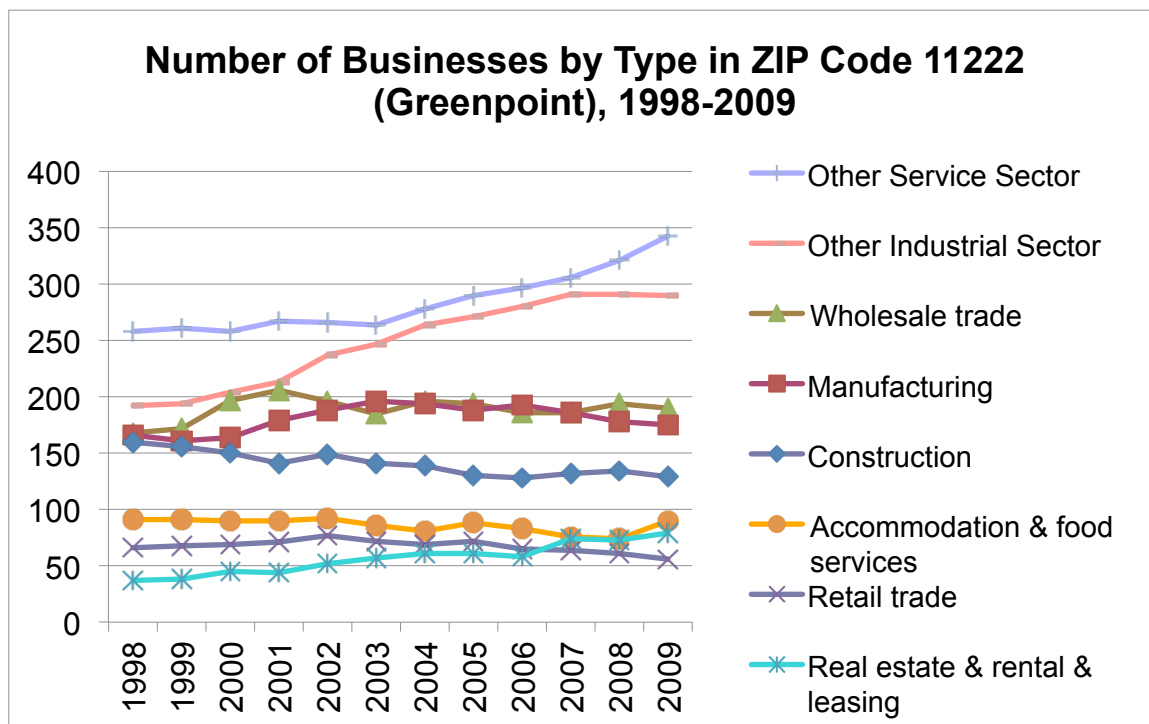


Chart 13. Number of Businesses by Type in ZIP Code 11222 (Greenpoint), 1998-2009

Source: U.S. Census Bureau

The data from Greenpoint, however, show a very different situation. In most service sectors as well as in manufacturing, the number of establishments remained relatively stable over the eleven-year period. The growth in the real estate sector is perhaps an indication of a growing housing market, often associated with gentrification. However, the retail and construction sectors actually show a decline in the number of establishments, indicating that there was not a rapid increase in new housing and retail services in the area. In addition, the manufacturing sector maintained a roughly constant number of establishments over the time period, although there was some decline after 2006. The most dramatic changes to the area are in Other Industrial sector, which grew significantly due to the expansion of public utilities in the industrial area of Greenpoint near Newtown Creek, which was not part of the rezoning. The other growth sector was in Other Services, which grew dramatically in both areas during the study period, largely following regional trends, as discussed above. Neither chart shows a distinct change after the rezoning was passed or after the changes to the 421-a program were implemented. In general, changes in public policy accompanied and perhaps confirmed larger trends in the area.

The changes shown in the graphs echo the descriptions given by the stakeholders, who saw dramatic changes in the industrial areas in Williamsburg as they transformed to residential and retail uses, but relatively few large changes in Greenpoint, which saw little development. The representative from Councilmember Reyna's office was concerned that more changes to the Loft Law would allow increasing residential incursion into manufacturing districts. However, he mentioned that the City was doing a decent job of enforcing laws against illegal conversions (Reynoso, personal communication). Industry advocates agreed, noting the IBZ designation has led to a significant reduction in the number of applications for residential variances in those areas. However, many landowners, especially in East Williamsburg, have converted their buildings to residential use illegally, without asking for a variance. In addition, while the IBZs provide additional protection against residential incursion, it is not clear if future administrations will continue to provide the same level of protection. This uncertainty has prevented the owners of several growing manufacturing businesses from investing in an area, since they are not confident it will remain industrial under future administrations. A smaller effect of the rezoning was an increase in business for local cabinet makers and other small manufacturers, who were given contracts to furnish the many new luxury apartments being built in the area (Archibald, personal communication).

V.B. Lessons Learned

The lessons drawn from the changes were strongly dependent on the goals of each stakeholder. Perspectives on time played an interesting role, with a general view by all stakeholders that policies that they fought for would be beneficial to them and to the city in the long run. Conversely, nearly all stakeholders were critical of the short-term effects of policies that they advocated against. Developers generally consider the rezoning successful, although with reservations, while housing advocates and community groups held positive opinions about the changes to the 421-a program.

1. REZONING

Developers generally viewed the rezoning positively. The fact that development happened along the waterfront, bringing new residents, new affordable housing, new businesses, and new parks to an area that had been declining for decades was considered very successful (von Spreckelsen, personal communication). The creation of waterfront affordable housing was given particular emphasis by developers. The fact that many of the rezoned areas were not developed as of the time of writing was generally explained as a result of market forces rather than as a failure of the policies themselves. The lower quality of transit options in Greenpoint was also cited as a major reason why development has been slower to occur there, as opposed to Williamsburg (von Spreckelsen, personal communication).

That said, some developers thought that the City had placed too much burden on the backs of developers, with requirements to build esplanades and provide affordable housing making the development of such sites very complicated. The waterfront esplanade was of particular concern for developers. The Department of City Planning revised its waterfront regulations alongside the rezoning. However, shortly thereafter, the Department of Parks and Recreation also amended its own waterfront requirements, forcing several developers to modify their esplanades midway through construction. In addition, the creation of the esplanade regulations was done without the involvement of many of the state and federal agencies, such as the state-level Department of Environmental Protection and the federal Army Corps of Engineers, both of which have jurisdiction over development along waterways (Fair, personal communication; Moore, personal communication). As a result, many of the new requirements contradicted those of other agencies, creating a frustrating and expensive esplanade construction process for developers (Fair, personal communication).

Similarly, requirements for new infrastructure, such as new streets and sewers, were also points of frustration for developers. According to Jon Fair, the city bureaucracy is experienced handling large-scale development in Midtown Manhattan, but not along the waterfront in former industrial areas. Many of the permits and procedures needed to develop waterfront sites and provide the requisite infrastructure were new to the City's bureaucracy and had to be created ad hoc, causing delays and resulting in sub-optimal development. A prime example was sewer infrastructure, where best practice dictates that storm water be routed to the nearest waterway, so as to ease the burden on existing combined sewer systems and prevent overflows of raw sewage into waterways during rainstorms. However, according to developers, the process of obtaining state approval for new sewer systems was beyond the (multi-year) timeline of the development, making this best practice impossible despite the funding and motivation of developers (Fair, personal communication). These difficulties and the complicated nature of affordable housing development left some developers to believe that very few companies had the resources and expertise to develop the sites. However, all the developers interviewed believed that as housing prices rose, all the sites would eventually be developed (Fair, personal communication; Moelis, personal communication).

Community leaders and elected officials were more skeptical of the success of many of the rezoning policies. While they were pleased that some affordable housing had been built, many felt that more could have been built or should have been built by 2012. Many community leaders and elected officials had viewed the provisions for affordable housing as a safeguard against displacement. They believed that as the area gentrified, the rezoning policies would spur affordable housing to be built as part and parcel of the redevelopment process, providing relief from rising housing prices. (Reynoso, personal communication; Yassky, personal communication). The economy stalled much of the new market-rate housing construction and the affordable housing that would have been built alongside it. However, housing prices continued to rise in the area, pricing many of the existing residents out of the two neighborhoods, as described above.

Many community leaders and elected officials were also dismayed by the lack of progress on the many commitments made by the City as part of the Points of Agreement, which had been created to garner community support for the rezoning. These stakeholders claimed that very few of the city-owned sites that were promised to be developed as affordable housing had actually been developed. Some claimed that only 16 affordable units had been developed on these sites (Lang, personal communication), although this number has not been verified.

The other major complaint from community leaders was in regard to the development of open space. A large percentage of community leaders and elected officials complained that the City in general and the Parks Department in particular did not set aside enough money to complete the parks that they promised (Reynoso, personal communication; Levin, personal communication; Yassky, personal communication; Lang, personal communication; Mazur, personal communication). As part of the Points of Agreement, the City agreed to spend \$100 million for the acquisition, decontamination, and construction of several new waterfront parks. According to several elected officials and community leaders, the City has since spent nearly \$240 million on Bushwick Inlet Park, acquiring three out of the six lots that comprise the site and constructing park facilities on only one of them (Council, 2012: "Greenpoint"). Much of the increased price has been blamed on the fact that the City completed the rezoning before acquiring the land for parks, which significantly raised its price. The City estimated that one parcel of Bushwick Inlet Park would cost \$13 million to acquire, but an eminent domain judge ruled the cost to be \$93 million, due to the rezoning, even though the site's zoning still prohibited residential development (Metal, personal communication; Council, 2012: "Greenpoint"). Development of the city-owned 65 Commercial Street site has also not moved forward. To create this park, the City would need to find an alternate location for MTA bus facilities. However, no such site has been found as of this writing (Metal, personal communication; Levin, personal communication).

Given the lack of progress on many of the commitments made by the City in the Points of Agreement, many feel that this means of deal-making was insufficient. It remains unclear what will happen when a new administration takes office in 2014. Some officials are worried that a new mayor will not feel compelled to honor the agreements made by the previous administration, especially ones that are not legally binding (Reynoso, personal communication).

Other problems were cited by nearly everyone. Transportation was universally regarded as problematic. Some saw the crowding on the L train, described above, as a failure to plan for the increasing population (Gillespie, personal communication; Reynoso, personal communication). Schools were also cited as a point of neglect in the planning for neighborhood change alongside the rezoning. Some developers felt that there wasn't enough done to plan for an influx of new residents to an area that previously lacked many residents. Community leaders felt similarly, complaining that new residents mostly send their children to schools in Manhattan (Mazur, personal communication), and that displacement had led to an under-enrollment in existing schools, causing those schools to lose out on City funding, despite a booming population in the

area. The root of these problems was seen as a lack of communication among the Department of Education, the Mayor's office, and the Department of City Planning (Reynoso, personal communication).

To correct the problems that they saw in the rezoning, several developers wished the City had focused on fewer requirements from developers, in order to create better thought-out requirements and implementation procedures. Doing so, it was explained, might have avoided some of the bureaucratic headaches and additional costs experienced by developers. Developers claimed that these difficulties may have discouraged additional development in the area, as developers choose to pursue less complicated projects in other areas, instead (Fair, personal communication).

Community leaders and elected officials called for greater accountability from the City regarding promises made alongside the rezoning. Many leaders would have preferred legally binding agreements. Greater foresight into the process of acquiring land and developing parks was also suggested. Many argued that the City should have acquired the land for parks before completing the rezoning, in order to save money on acquisition costs (Levin, personal communication; Metal, personal communication; Gillespie, personal communication). In addition, instead of the reactive process toward the many aspects of community change besides rezoning, many stakeholders would have preferred a more comprehensive planning process. Such a process would have provided for additional transit service and new schools before problems arose alongside new development in the area.

2. 421-A POLICIES

Views about the success of the 2008 citywide changes to the 421-a program are nearly the inverse of those held regarding the rezoning itself. Several developers saw the lack of development since 2008 as a direct result of the changes to the 421-a program, which eliminated existing tax benefits to developers (Fair, personal communication; von Spreckelsen, personal communication). Some community officials, elected officials, and bureaucrats took a longer view on the success of the policies. They saw programs such as the inclusionary zoning and the waterfront 421-a changes as programs that might not generate short-term results, but which will have greater long-term impacts. They saw the housing policies as a way to create a system to capture some of the value of the next boom in housing development and direct it towards the community. Since policies often take many years to create, they saw it as wise to

create such policies ahead of time, rather than in reaction to a boom when it is already underway. Those holding this view, which included bureaucrats, elected officials and community leaders, were hesitant to evaluate the success of many of the housing programs, as they had not been in existence long enough to generate results. In addition, they argued that the economic downturn temporarily reduced the amount of housing development in the area, through a reduced demand for new market-rate housing. Because the housing programs were designed to benefit from housing development booms, they argued it is inappropriate to assess the success of those programs during the current development lull (Hirsch, personal communication; Pagan, personal communication; Sokolow, personal communication).

V.C. Meaning and Applicability

This section examines the changes that happened in Williamsburg and Greenpoint from a broader perspective, as seen by the stakeholders. I examine the forces causing changes, the meaning of those changes, and the applicability of lessons learned to future plans and projects.

1. FORCES CAUSING CHANGE

Neighborhood changes are influenced by a myriad of factors. Through understanding the different stakeholder perspectives on what caused the changes, we can gain insight into why they supported particular policies. In general, stakeholders can be classified into two groups. The first group found the rezoning to have been a fairly direct contributor to an increase in the pace of gentrification in Williamsburg and Greenpoint. This group mainly consists of elected officials and some community leaders. Some elected officials regret agreeing to the rezoning, given what they perceive as the damage it has caused (Reynoso, personal communication; Metal, personal communication; Levin, personal communication).

The second, more diverse group generally saw gentrification as a process that was occurring before the rezoning, which would have continued regardless of whether the area was rezoned or not. This group saw the rezoning as having a minor impact on the gentrification process. Some explained gentrification as the result of artists who were priced out of SoHo and the Lower East Side, and sought cheap space close to Manhattan. These artists gave Williamsburg a certain cachet, which attracted other, higher-income residents to the area (Hirsch, personal communication; Reynoso, personal communication). Others saw gentrification as driven by overall economic growth, which raised prices in the city (Fair, personal communication). While

many believed that the rezoning contributed to some gentrification, they still saw the rezoning and 421-a policies more as a way to harness those forces for the benefit of the community (Hirsch, personal communication; Yassky, personal communication).

2. MEANING

Finding meaning in neighborhood change can be challenging. The meaning to each person is very dependent on that person's perspective. Some interview subjects did not find much meaning at all in the changes that occurred in Williamsburg and Greenpoint. In general, though, there were several points of view regarding the meaning that the changes in Williamsburg and Greenpoint have for the City as a whole.

First, a majority of interview subjects viewed the changes as beneficial overall to the City. This was often despite individual concerns about specific aspects of the policies. Some of these stakeholders saw the changes in economic terms, as part of an on-going shift from manufacturing to service sector industries, as described above. They saw the policies that were enacted in the area as serving to harness those changes for the good of the two neighborhoods and the City (Hirsh, personal communication; Pagan, personal communication; Sokolow, personal communication; Moelis, personal communication). Another subset of stakeholders with overall positive opinions of the changes saw those changes as a model for future development and rezonings. The policies enacted in the area had not been used before in other gentrifying areas undergoing similar rezonings (Moore, personal communication; Hirsh, personal communication; Moelis, personal communication), but have now become a baseline level of community benefits for future changes. Now, in addition to meeting the standards set in the Williamsburg and Greenpoint rezoning, developers must also agree to "massive community benefits agreements" (Hirsh, personal communication). Even some stakeholders with generally negative views of the rezoning acknowledged the benefits of the concessions granted by the City—concessions that would not have been granted without the rezoning negotiation process (Archibald, personal communication).

Most stakeholders interviewed saw the changes to the area as generally beneficial for the City as a whole. Many mentioned a higher tax base and new businesses, which would provide the City with a stable source of revenue. Many also mentioned the addition of much-needed housing, both market-rate and affordable. Several stakeholders, including developers and at least one community leader, were pleased to see higher densities in the area, which allowed for

future growth within the City as opposed to in the suburbs. Another important point raised repeatedly had to do with the image of the city. Some mentioned an improved waterfront increasing the city's stature globally. Others mentioned a dramatic change in how Brooklyn is perceived. As mentioned above, Brooklyn had gained a negative reputation by the 1950s, which lasted for many decades, despite changes. Now, the borough is known nationally and even internationally as a hub of innovation and culture. Some see the changes in Williamsburg and Greenpoint as contributing to that improved image by attracting wealthier residents and new investment to previously derelict waterfront areas (Pagan, personal communication; Slattery, personal communication; von Spreckelsen, personal communication; Yassky, personal communication; Dunn, personal communication; Niederman, personal communication; Myer, personal communication; Mazur, personal communication; Moelis, personal communication).

A smaller number of people saw a more negative meaning in the changes in Williamsburg and Greenpoint, viewing them as doing more harm than good. Several stakeholders were concerned with the future of the City's economy, arguing that too much emphasis was placed on building housing, and too little was placed on maintaining jobs and diversity. They believe that if too much land is rezoned from manufacturing use to residential use, it will hamper the return of industry to the city (Lang, personal communication; Freedman-Schnapp, personal communication; Metal, personal communication; Levin, personal communication). Some simply believed that the public policies didn't bring enough local benefit to justify the negative impacts that they caused to the community (Reynoso, personal communication).

Even those who generally favor the changes were wary of some of their broader implications. When viewed alongside the rezonings in West Chelsea, Hudson Yards, Hunter's Point, and Willets Point, the rezoning of Williamsburg and Greenpoint is part of a large-scale reduction in land for industrial uses in New York City. Industrial businesses have historically provided many middle-class jobs, without which, the city may become even more economically segregated. The provision of affordable housing is good, but it does not solve the underlying problem of low wages for many residents, which prohibits them from truly participating in the City's economy (Hirsh, personal communication). A representative of a city councilmember took this one step further, expressing concern that the City might eventually push most low-income residents out entirely (Reynoso, personal communication).

Finally, an underlying concern about power dynamics in the city was hinted at by many community leaders and expressed outright by one. The power to actually make binding

decisions lies entirely with the mayor and the City Council, with the mayor overseeing all of the bureaucracy. The Community Board, which is the most local level of City government, has only advisory power. Even the Borough Presidents have no decision-making powers. This concentration of power at the citywide level was problematic for one community leader, who saw it leading to top-down planning, which undermines the efforts of the many talented locals who want to improve their neighborhood (Gillespie, personal communication). Others expressed similar frustrations with the way the City handled things, implying a force beyond their control. If more power rested locally, the rezoning would have certainly been different, as Community Board 1 ultimately rejected the City's rezoning proposal.

3. MOVING FORWARD

From the experience in Williamsburg and Greenpoint, the stakeholders were asked what lessons might be learned for the future. As with everything else, these lessons varied, depending on the perspective. However, a few stood out. A major lesson cited was one of caution. Since many community leaders and elected officials feel betrayed by unfulfilled promises by the City or disappointed by unrealized development, they urged caution and deliberation before this type of large-scale change is repeated (Reynoso, personal communication). Since the fabric that comprises healthy urban neighborhoods is very fragile, they contend, the City should act slowly and deliberately when making large-scale changes that alter that fabric. Noted urbanist Jane Jacobs even wrote a letter opposing the rezoning, arguing that the scale of change was too dramatic and that the proposal failed to plan for things such as schools, parks and jobs. Several proponents of a more cautious approach criticized the City's plan in Williamsburg and Greenpoint as based too heavily on economic growth at the expense of other factors. They argued that changes should instead be made based on a wider variety of goals such as quality of life, neighborhood stability, and job creation, in order to maintain vibrant urban neighborhoods (Mazur, personal communication; Levin, personal communication; Metal, personal communication; Jacobs, 2005). There was an especially strong caution that communities confronted with similar projects should make sure that all promises they are made are somehow enforceable. To foster this goal, a smaller group argued that local communities should have more power in the large-scale projects that directly affect their communities (Reynoso, personal communication; Metal, personal communication; Gillespie, personal communication).

A more general extension of the previous argument is that for future projects, the City needs to pursue a more comprehensive and coordinated planning approach. Many stakeholders including developers, community leaders, elected officials, and even some people in the bureaucracy, shared this idea. Several developers argued that planning should be more inclusive of agencies involved with development, including those at the state and federal level. This would allow for a more straightforward and less costly development process, which would result in more development and more of the benefits, such as affordable housing and waterfront esplanades, that come with development (Fair, personal communication). In addition, both community leaders and developers argued that City agencies should coordinate better among themselves. This would allow for better preparation for new schools, libraries, and utilities before the need for them becomes urgent (von Spreckelsen, personal communication; Reynoso, personal communication). Perhaps the most concerted call for better coordination and planning pertained to transportation, especially to avoid overcrowding on transit lines (Reynoso, personal communication; Fair, personal communication). To best learn from mistakes in previous planning processes, one stakeholder called for communities across the City and even elsewhere to work together to share their experiences (Reynoso, personal communication).

The most positive lesson taken away from this process was that hard work and comprehensive outreach and organization can lead to successful change. Several people cited the extensive groundwork that the ten-year 197-a planning process had brought to the community. Through this process, the community had coordinated the interests of multiple groups into a consensus vision (in two parts) for the future of the area. This allowed the community to come together to fight for what it wanted instead of dissolving into conflict among the different factions within the community. In addition, by pushing forcefully in a coordinated manner, community leaders have shown that it is possible to gain benefits and concessions that were not previously thought possible and to raise the bar for what is expected in the city (Myer, personal communication; Hirsh, personal communication; Yassky, personal communication).

VI. CONCLUSION

The changes in Williamsburg and Greenpoint will have a lasting effect on the future of New York City. The sheer difficulty of satisfying the desires of so many people in such a large and complicated area made this a very complicated and contentious process of change. This chapter describes several overall themes I have seen and conclusions I have drawn regarding the changes in the area.

VI.A. Betting Big On Development

In Williamsburg and Greenpoint, all parties bet on big development and growth. The City and community leaders shared many goals for the project, including a desire for more housing, especially affordable housing, a desire for waterfront access and an esplanade, and a desire for more parkland. The goal of adding new market-rate housing requires a high enough housing demand to justify the high construction cost of building new housing up to the City's codes. The location of much of the new development in a former manufacturing area added to these costs, since additional money was required to decontaminate many polluted sites. The infrastructure in many areas also needed intense upgrading to transition from low-rise manufacturing uses to mid-rise and high-rise residential uses. This was especially true along the waterfront, where sewers, streets, and other infrastructure needed to be completely rebuilt to accommodate the new uses. These additional development costs fell almost entirely to developers, making a strong housing market, with a high rate of return on investment, essential to developers to offset these costs. If new development were not profitable for developers, they simply would not build anything.

The City's goal of leveraging the demand for new market-rate development to spur the construction of new affordable housing depends on an even higher demand for market-rate development. The profit from market-rate housing needs to be high enough to absorb the extra costs and time to build affordable housing alongside market-rate housing, while still creating enough profit to entice developers to pursue the project. In addition, since the affordable housing programs rely on City subsidies, the City's budget must be well funded, requiring a strong and stable tax base and well-managed City finances.

To pursue the goal of a waterfront esplanade, the City relied on developers to fund the construction of new piers and esplanades. While this new open space is an amenity that likely increases the sale prices of new housing, the cost of building it may exceed the additional revenue it generates, especially given the complications faced by developers in construction (Fair, personal communication). This is difficult to say for certain, though, as it is challenging to compare market prices with and without an esplanade. If we assume that the esplanade was not a revenue generator, its construction depended on a strong enough housing market that allowed developers to absorb the extra cost of constructing it.

Finally, the City depended on a strong economic growth to pursue its goal of creating new parks. The City's budget needed to be strong enough that it could dedicate new resources to the acquisition of land and the construction of parks without defunding other essential services. Additional resources for this type of project are typically more available during times of economic growth.

In short, to pursue many of its development goals, the City depended heavily on a very strong housing market that allowed developers to absorb the many extra costs of developing land in a difficult area and providing new amenities for the City. The City also required a strong economy and well-funded budget to fund additional amenities, such as housing subsidies and money for parkland. When the economy entered a recession in 2008, the housing market stalled and the city's tax revenue faltered. However, the housing market did not crash the same way it did in the rest of the United States. In fact, it reached a nadir within a few years and then resumed growth. Unfortunately, as market prices began to rise and the process of gentrification continued, the housing market was not strong enough to spur the new development needed to fulfill the goals of the City and community leaders. Until the housing market reaches the same level of demand as it did in the mid-2000s, it is unlikely that many affordable housing units or new stretches of waterfront esplanades will be built. Until the City's financial condition significantly improves, it is unlikely that many new parks will be built either.

VI.B. Commitments and Credibility

By pushing many costs on the private sector, as described above, the City sought to create neighborhood change with as little public investment as possible. While some publically funded improvements to the area were included in the City's failed bid for the 2012 Olympics, the cost of most of the promised improvements fell to the private sector. In general, this strategy of harnessing market forces to create neighborhood change subjects that change to the whims of the market. In a booming economy, this can save taxpayers money and have a redistributive effect, but in a stagnant economy, this can result in broken promises and declining faith in government. The City promised the neighborhood new amenities, but it has little influence over when private sector amenities will be provided. To the public, though, the result is the same. The City made promises of amenities, but the vision of the future that was presented has not come to fruition in the presently stalled economy. This could lead to a general distrust of market-based solutions and even government itself if the economic stagnation continues.

More importantly, the City also committed to a public investment of \$105 million to fund new parkland as well as housing subsidies and industrial retention programs. However, it did so only as a last-minute compromise to gain political support for the rezoning. Since the City completed the rezoning before acquiring land for parks, the cost of acquiring parkland has increased many times over, and the combined amount of money that the City has spent or committed to spending has ballooned to nearly \$350 million, a figure that is likely to grow. This is despite the fact that many of the commitments made by the City remain unfulfilled. As mentioned above, only a small fraction of the open space and affordable housing commitments that the City made in the Points of Agreement have been acted on. It seems that by trying to keep costs low, the City focused all of its attention on changes to the zoning, at the expense of planning for and pursuing property acquisition and other City investment. Through a delayed public spending on land, the City inadvertently but dramatically increased the price of fulfilling its commitments to open space. This self-induced quagmire, where the City is faced with a choice of either breaking its commitments or spending an exorbitant amount of money on amenities has hurt this administration's credibility and hampered the ability of future administrations to negotiate similar agreements. Some of this credibility can be regained if the City completes its less-expensive park commitments, such as at 65 Commercial Street and the Brooklyn Waterfront Greenway. The City should also expedite the development of City-owned properties slated for affordable housing.

In general, the City's emphasis on placing most of the costs of neighborhood change on the private sector has led to faltering progress on the provision of amenities and poor planning for some necessary public investments. While market-based solutions, such as the ones adopted in Williamsburg and Greenpoint, provide many benefits, a more balanced approach with greater emphasis on public investment early in the process would likely have resulted in more parkland and affordable housing in a shorter timeframe and at a much lower cost to taxpayers.

VI.C. Housing

The combination of limited space and a consistently strong demand for housing makes the construction of new, market-rate housing a top priority if the City wishes to temper rising prices. Basic economics teaches us that as demand increases, prices increase, unless supply increases as well. With the city largely built-up, any new housing must replace another part of the built environment. As many urbanists have noted, the character of a neighborhood is very fragile, and introducing large-scale change can dramatically alter that fabric. Thus, it is not wise

from an urban planning perspective to introduce a dramatic increase in housing supply in existing residential neighborhoods. This is even truer from a political perspective, as efforts to increase density are typically met with hostile resistance. Thus, it is highly important that in the few locations where new housing can be built, that it be built to a high density. By absorbing demand for new housing, new development may actually temper gentrification pressures on other neighborhoods. The lack of new construction and the slower pace of gentrification in Greenpoint may be partly attributable to the dramatic changes that were allowed in Williamsburg. The same could be said of Bushwick, the neighborhood just east of Williamsburg on the L train, where gentrification pressures may have been eased by the expansion of development rights in Williamsburg. This is, of course, speculation, as there is no way to know what might have happened if the area were not rezoned.

Declining waterfront manufacturing districts provide a fairly obvious choice for housing redevelopment. Manufacturing businesses have generally not required water access for many decades. On the other hand, housing and open space derive a high premium from being located adjacent to the water. In a city where space is very limited, reserving valuable waterfront property solely for manufacturing uses that don't require water access is not the highest and best use of land, and permitting residential and open space uses is logical and economical. Many have pointed out that a vibrant neighborhood should have a mixture of uses, and that residential uses do not preclude some light manufacturing uses. Indeed, this is still the case in Williamsburg and Greenpoint as well as in many other neighborhoods in New York City, and has been for centuries, although typically the different uses occupy different buildings. However, the problem arises when two uses compete for the same space. Over time, since residential uses command higher rents, they typically push out nearly all of the manufacturing uses. This is what happened in SoHo and is currently happening in Williamsburg. The mixture of manufacturing and residential uses might be possible if uses are further separated and restricted within buildings or limited as a percentage of an area. Several housing advocates have proposed a system where the ground floor of buildings is reserved for light manufacturing uses and the upper floors are reserved for residential uses, preventing the two from competing for space (Freedman-Schnapp, personal communication). However, there is no model of how such a system would work for developers of new buildings. Without precedent, it is unclear what prices this type of mixed-use development might command, making it difficult for developers to obtain financing and making them generally reluctant to pursue such a project.

In addition, it is important to reiterate that other City policies already exist to maintain affordability in many areas, including those experiencing gentrification. As described above, rent control and rent stabilization, while blunt tools, keep rents from rising dramatically for tenants in regulated units. In addition, the public housing and the Section 8 programs maintain even stronger standards of affordability for the lowest-income tenants. While these programs are beneficial and appear to cover over 60 percent (and likely more) of all renters in the area, the latter two rely heavily on government expenditures, something that seems to decrease each year. In addition, the children of tenants who benefit from these programs may not be able to afford to stay in the area when they look for a place of their own. To ensure the greatest amount of protection against displacement, the City should follow through on its commitment to building affordable housing on City-owned sites in the area. It should also continue to fund the subsidies needed for developers to utilize the programs created as a part of the rezoning.

VI.D. Timing

While many stakeholders were concerned about the lack of development and progress in the relatively brief period between 2005 and 2012, the policies that allowed new housing to be built may be better assessed after a longer period of time. Changing zoning regulations and housing policies is a long and complicated process. Creating policy only after a housing market becomes hot may result in missed opportunities to capitalize on that demand. The Williamsburg and Greenpoint rezoning included a large area and led to citywide changes to the 421-a program, creating policy that is already in place when (and if) the market for housing in many areas becomes stronger.

In Greenpoint, for example, the market for waterfront development has not yet led to large-scale development. However, since affordability and open space policies are already in place, when that development happens, it will include affordable housing and a waterfront esplanade. If the City had waited for the Greenpoint waterfront market to heat up before beginning the rezoning process, the opportunity to include affordable housing and waterfront esplanade requirements may have passed. In addition, while many have stated that the inclusionary programs in the upland areas have largely not been used, they also remain in place, should a stronger housing market make the programs more attractive to developers. The creation of the inclusionary housing program in the Williamsburg and Greenpoint area has led to the use of similar inclusionary incentives in most rezonings since. Again, while these programs may not be

immediately successful, they create a framework to channel future demand into the creation of much-needed new affordable housing.

New development under the revised 421-a programs in Williamsburg and Greenpoint also created a framework for future growth. Presently, the certificates for the former 421-a program have not been fully sold, creating little incentive for developers to use the new, more difficult program. Once the existing 421-a certificates have all been sold, the new program can begin to take hold. As mentioned by former Councilmember Yassky, in the worst-case scenario, if no developers take advantage of the program, the City will gain new market-rate housing but not affordable housing and developers will pay taxes from day one. This is far better than the former situation, where the city gained new market-rate housing but not affordable housing, and developers did not pay taxes for many years due to 421-a benefits. It is highly unlikely that the lack of tax abatements would cause housing development to cease, especially given the perpetually strong housing market in New York City. In the best-case scenario, developers would try the program out and see if they could make it work. In this case, new market-rate housing would be built alongside new affordable housing in the same area, creating a more equitable city. The ability of the City to try new programs, even though they may take many years to yield results, is highly laudable. More generally, the potential downside to creating programs in advance is that future conditions may not fit with the conditions for which the programs were designed. However, in my view, it is better to be prepared for the expected future conditions than simply to react to changes as they occur. Programs can always be adapted and changed, should conditions deviate from what was expected.

In addition, the pause in development may actually prove beneficial to the community, causing changes to occur more gradually, over a longer time period. This allows residents and especially businesses more time to prepare for changes. The 2009 Greenpoint-Williamsburg Contextual Rezoning, described above, is a good example of how the community was able to take advantage of a pause in development to address the problems with how that development was occurring. While it is still too early to judge the success of many of the affordable housing programs, their existence shows a strong commitment to pursuing policies that attempt to promote affordability, even though they may not be effective in the short term. Long-term thinking, in an environment where the next election is always right around the corner, is also commendable. It probably helped that the main proponent of such changes was a long-serving and very powerful state Assemblyman, Vito Lopez, who, until very recently, showed little

vulnerability to defeat in elections. Thus, he was better positioned than more vulnerable elected officials to push for more sweeping, long-term policies.

VI.E. Dealing With The Conversion To A Service Economy

Several stakeholders were very concerned about the loss of space for manufacturing activities. Some scholars have even argued that allowing residential uses in parts of Williamsburg will “severely constrain the ability of any industrial use to locate in the city” (Carron, 2004). However, based on data from the past 60 years and from the past 10 years, New York City does not appear to be braced for a dramatic increase in industrial activity. Competition from other parts of the region, other parts of the country, and other parts of the world will likely continue to sap New York City’s large-scale manufacturing base. While some experimentation has happened recently, it appears to be highly specialized, highly localized, and unlikely to be scaled up to require large amounts of space. In fact, many new industrial businesses in New York City rely on generous tax breaks to be able to compete with businesses in other locations. This vulnerability was highlighted recently, when a judge struck down a New York City tax break for brewers operating in New York City, including the successful Brooklyn Brewery in Williamsburg. The law was said to unfairly harm competitors from outside of the city. While no businesses claimed to be in immediate jeopardy as a result of the law, many would be forced to raise prices, hurting their ability to compete against other beers (Kaplan, 2012).⁶ Despite general decline, the City’s creation of IBZs has led to some success in the manufacturing sector, most notably in the Brooklyn Navy Yard. By creating protected industrial areas, the City has removed the uncertainty from investing in those areas, and businesses appear to be responding. That said, it will take a continued commitment to IBZs by future administrations in order to build confidence in industrial business owners that investment in industrial areas is sound.

Overall, it seems likely that the manufacturing industry will continue to shrink and the service industry will continue to grow. The growth of the service industry, as shown above, produces some high-paying jobs for highly educated workers as well as low-paying jobs for less educated or unskilled workers. The former Chief of Staff to Vito Lopez is now working to unionize workers in the service industry as a method of addressing the increasing disparity between high-income and low-income workers. The service jobs, such as doorman and construction work, serve a highly localized market and those jobs cannot readily be outsourced. A century ago, when

⁶ Shortly after this ruling, New York State passed an additional law that had the effect of circumventing this ruling to continue providing tax breaks for breweries.

manufacturing was booming, fueled by a large base of low-skill or unskilled workers, those workers fought to create unions. Over time they managed to gain higher wages, increased job security and improved working conditions. These gains allowed multiple generations of workers to enter the American middle class. Now, a similar group of low-skill or unskilled workers are fighting to unionize the service industry, which is highly dependent on their labor. By unionizing they also aim to gain higher wages, improved job security, and better working conditions. While an increase in the supply of affordable housing improves the ability of many families to find subsidized apartments, improving the incomes of workers can provide even more options and security for many families.

VI.F. Relation To The Past

The series of events in Williamsburg and Greenpoint have many parallels to what happened in SoHo in the 1950s, 60s and 70s. As discussed earlier, artists in SoHo illegally occupied aging industrial spaces, actively competing with industrial tenants, while the City did little to stop them. The competition from residential uses drove prices up. The presence of artists served to attract other artists and non-artists to the area, giving it a certain cachet and further increasing prices. Williamsburg and Greenpoint went through a very similar process. Many industrial lofts were occupied by artists, who sought cheaper spaces to live and work in the late 1990s. At first, many conversions of industrial space to residences were illegal, but the City generally did not crack down on them. Eventually, the City legalized them through individual variances, the 2005 rezoning, and the expansion of the Loft Law. As was the case in SoHo, the changes rapidly increased housing prices in these neighborhoods and attracted new luxury development, eventually displacing many of the artists who were the first to live in the area.

These changes represent a continued, albeit slow expansion of the luxury residential market into centrally located industrial areas. Williamsburg and Greenpoint are not alone in this process. Other industrial areas that have recently been rezoned to allow residential uses include Hunter's Point South in Long Island City, West Chelsea in Manhattan, and the Port Morris section of the South Bronx. Proposals to allow more residential development in the Garment District in Midtown have also gained traction recently. Without significantly improved efforts to strengthen industrial areas and prevent illegal residential conversions, a "climate of instability", as Laura Wolf-Powers describes it, will prevail, and many centrally located industrial areas will continue to be subject to residential competition and incursion (Wolf-Powers, 2005). Since allowing residential conversions provides a greatly expanded tax base, while heightened zoning

enforcement costs time and money, there is an economic incentive for the City to tolerate or even foster residential incursions. With industry's continued decline and the public's general distaste for heavy manufacturing near residential areas, there is limited political opposition to allowing residential uses in former manufacturing areas. That said, the city has been successful at creating designated, protected enclaves of industrially zoned land, such as the Brooklyn Navy Yard, and sections of Sunset Park and Red Hook. These IBZs were created in accordance with long-term plans such as the Comprehensive Waterfront Plan.

The changes in Williamsburg and Greenpoint had some similarities to the gentrification that occurred in other parts of Brooklyn as well. Initially, the changes were more in line with the changes in SoHo, described above, than the changes in other parts of Brooklyn. However, new non-artist residents then began to settle in nearby residential areas and compete with existing residents for housing, driving prices higher. This step was similar to the path followed by Brownstoners, although in Williamsburg and Greenpoint new residents did appear to deliberately seek neighborhood change. For example, most new residents did not purchase their homes or seek to create better neighborhoods through political activism, as the Brownstoners had done a generation earlier. In fact, most of the new white residents in Williamsburg and Greenpoint were described as largely inactive in community-level politics (Freedman-Schnapp, 2008). The latest phase of gentrification in Williamsburg and Greenpoint has been driven mostly by new construction. This phase was largely unique in Brooklyn, since gentrification in most other parts of the borough has occurred only in existing built-up residential areas through reuse and renovation, and it will be interesting to see its effects.

The fight against large-scale changes to an area echoes many previous urban struggles, especially those against urban renewal. The same arguments for small-scale and gradual changes seem to arise in each fight, whether it is against a rezoning, a highway, or a stadium. These arguments are very similar to those espoused by Jane Jacobs in her writing about cities, and it is interesting that Jane Jacobs herself came out against the Williamsburg and Greenpoint rezoning. However, I would argue that there are distinct differences between this rezoning and the Urban Renewal projects of the past. Unlike Urban Renewal, the rezoning of Williamsburg and Greenpoint involved no forced demolition of property or large-scale expropriation, and still allows for decisions to be made by individual landowners, although typically on very large sites. While the scale at which those decisions are made is not nearly as fine-grained as Jacobs and many activists would have preferred, a critique acknowledged by city planners who worked on the rezoning, the political and economic realities of the situation would likely mean that

preserving a smaller-scale via lower densities and smaller building lots would have likely come at the expense of other goals. A smaller-scale development would have resulted in smaller profits for developers, making it harder for them to absorb the costs of environmental remediation and waterfront esplanades construction. With smaller-scale development, more of these costs would likely be born by the City. In addition, smaller-scale development would have provided fewer overall units and likely fewer affordable housing units. It seems that for this reason, the City and elected officials decided to permit large-scale development in the area. It remains to be seen how that development will function in the longer term.

VI.G. Final Thoughts and Recommendations

The changes in the Williamsburg and Greenpoint neighborhoods have been many. Some, including demographic change, increasing housing costs, and a reduction in the number of manufacturing firms in the area, have been painful to many residents. Some, including the creation of new affordable housing, the creation of new parkland, reduced crime, and an increase in the services to the area, have been more beneficial. However, the effects of the City's policies that have reacted to and attempted to guide these changes are less clear. Many of the goals of the policies, such as the creation of new affordable housing and open space, have been partially achieved, but others have not. It remains to be seen what the long-term effect of the policies will be.

In response to the complaints made by a wide variety of stakeholders, the City should not continue to pursue large-scale rezonings without undertaking more comprehensive urban planning. Better planning will take more time and effort on the part of the City, but it will likely result in a smoother and less contentious process of change. The 197-a planning done by the Williamsburg and Greenpoint community was exactly this sort of comprehensive planning, including a broad range of viewpoints at the local level. This bottom-up or grassroots planning approach produced a plan that favored the needs of the local area over citywide concerns. However, the City and other stakeholders were not active participants in the 197-a process, a fact that was reflected in the City's rezoning proposal, which was produced by a more top-down approach that favored citywide goals over more local concerns. To improve, the City should become more involved in 197-a planning efforts that are already underway and should initiate similar comprehensive planning efforts in areas where it anticipates change. Planning efforts should include a broader range of stakeholders, including those beyond the City, such as transit authorities, state agencies, and federal bureaus, so that all stakeholders affected by new City

policies can contribute input to them and so they can be implemented smoothly. This will also create a better balance between local concerns and citywide needs. In addition, better planning should occur at the citywide level as well. New York City is one of very few North American cities without a master plan, and the ad hoc nature of neighborhood change reflects this fact. The next mayor should pursue individual borough master plans, with the goal of developing a citywide master plan.

More generally, the shift towards more project-based planning, with no articulated vision of the future, must be reversed in favor of more comprehensive planning. This is true in New York City and in cities across the globe. Urban planners, elected officials, city agencies, and even community activists must consider the many effects of land use changes beyond short-term economic benefits. This will serve to create more balanced and healthy cities.

With regard to issues of power, I do not believe that more power should be given to unelected local community boards. City Councilmembers have very powerful voices on issues of land use and neighborhood change in their council districts. They are accountable to local residents of an area but also advocate for interests of the city as a whole. I find this to be a desirable balance between local interests and citywide needs, preventing small areas from exclusively acting in their self-interest at the expense of larger city needs, while protecting those same areas from being excessively burdened by the larger City. If community leaders are not satisfied with the decisions of local elected officials, these leaders should push for the election of candidates who will make different decisions.

The City of New York took a bold and necessary step when it undertook the complicated rezoning process in Greenpoint and Williamsburg, attempting to balance the goals of numerous groups. Neither the process nor the outcomes occurred in a smooth manner. However, many of the policies have added much-needed market-rate and affordable housing to the area. New policies have set citywide precedents for neighborhood change. In retrospect, the City should have done several things differently, especially through a more comprehensive planning process. However, as the economy regains strength and the housing market grows stronger, as I believe they will, developers will look again to Williamsburg and Greenpoint for sites to develop. As new buildings are constructed and the old 421-a program is fully phased out, the City's newer policies should begin to yield more results, especially in terms of affordable housing and open space. More research is needed to track this progress and discover what is working,

what isn't, and how to improve the policies. Therefore, in another ten years, the area should be revisited to further assess the policies and changes described in this report.

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