Case Studies and Best Practices

What other cities are doing and what we can learn from them
Lessons Learned:

AUTHENTICITY

New industrial users often rent space in renovated, pre-WWII industrial buildings. While these structures are often flexible and relatively inexpensive, they are also considered “authentic” by makers and emerging businesses who love the aesthetic of mixing new renovations with “gritty” and “real” industrial structures.

IT’S COMPLICATED

The Greenpoint Manufacturing and Design Center (GMDC) had somewhat modest beginnings in terms of staffing and experience, and it took seven years before the group was ready to redevelop a second building.

EXPAND THE TERM “INDUSTRY”

This process not only allows greater inclusivity for workers and budding enterprises, but also attracts a greater pool of tenants and investors—demonstrating the acceptance of creativity and innovation as part of 21st-century industry.

LOCAL FOOD AND MEDIA ARE IMPORTANT

Locally produced food can drive demand for the District’s industrial space. Media companies have been an important element of the Brooklyn demand.

ZONING TO BENEFIT BUSINESSES

Committing to long-term industrial uses with no provision for conversion to residential uses helps to assure long-term stability for artists and small businesses.

PARTNERSHIPS

Some of Brooklyn’s redevelopment and revitalization has depended on non-profit entities acting as “credit tenants” and subleasing to emerging businesses—offering these start-ups access to market-rate developments they otherwise could not afford.

TAX CONCESSIONS

Real estate tax exemptions can be a useful tool for lowering development costs.

TAX EXPERTS

If a project involves tax credit financing, District staff should encourage the developer to work with a Historic or New Markets Tax Credit provider with previous successful financings in the District.

VEHICULAR ACCESS AS AN ASSET

In some areas of Brooklyn, particularly Red Hook, access to highways and an emphasis on car-based developments allow the districts to position themselves as unique offerings in an otherwise transit-oriented metro area.

STABILITY

The investments made by economic development non-profit organizations in Brooklyn (Southwest Brooklyn Industrial Development Corporation, East Williamsburg Valley Industrial Development Corporation, Greenpoint Manufacturing and Design Center) enable growth and stability in existing industrial areas impacted by market-rate pressures.

BUILD RELATIONSHIPS

For economic development agencies, fostering relationships among tenants, merchants and residents is of the highest importance, allowing them to keep their fingers on the pulse of the neighborhood—and creating the type of environments attractive to young, emerging businesses.

SIGNIFICANT FUNDING

Brooklyn Navy Yard benefited from massive grant funding from the federal government.
**Lessons Learned:**

**EXPAND THE TERM “INDUSTRY”**
To attract a wide range of maker, creative and start-up businesses, and research and development, “industrial” must be defined beyond manufacturing and smokestacks.

**PRIVATE, NON-PROFIT GOVERNANCE**
The market discipline provided by a board of directors with substantial private-sector representation is invaluable in focusing the economic development activities and achieving financial self-sufficiency.

**QUALIFIED STAFF**
The Philadelphia Industrial Development Corporation (PIDC) model emphasizes the importance of qualified staff focused on industrial development on a day-to-day basis, working with businesses and proactively seeking out and developing industrial properties. It requires a much larger scale of operations than possible in Ward 5.

**FOCUS THE MISSION**
PIDC’s focus on creating jobs for the 28 percent of the city’s residents that live in poverty has helped it adapt its programs and activities to expand beyond manufacturing to include logistics and distribution jobs, which provide valuable career-ladder opportunities.

**SITE CONTROL IS KEY**
Because the costs of assembling and preparing industrial properties often exceed their market value and ultimate sales price, the private sector cannot be expected to undertake major brownfield remediation and site preparation.

**FEES TO SUPPORT OPERATIONS**
Revenues from financing and other fees have allowed PIDC to achieve self-sufficiency in supporting its own operating costs.

**IMPROVEMENT DISTRICTS**
The Port Richmond Industrial Development Enterprise program encouraged by the Urban Industrial Initiative shows the potential for a special assessment district approved by the businesses to provide public safety, cleanup and capital improvements.

**PROTECT INDUSTRIALUSES**
Philadelphia’s experience underscores the importance of protecting industrial zoning and preventing conversion of industrial facilities to other uses.

**SHARED FACILITIES & EQUIPMENT**
Grove Dye Works, 3rd Ward and Crane Arts demonstrate the appeal of shared space and equipment in supporting artists, artisans and other makers. Co-working and shared educational experiences also help to build community and engage nearby residents.

**JOB ARE CREATED AT DIFFERENT RATES**
Relative to the 1,500 jobs created in one major distribution facility in Philadelphia, the number of jobs associated with the artisan and maker market pales in comparison.

**PARTNERSHIPS**
The Penn State Energy Efficiency Building Hub initiative, encompassing the Navy, 11 academic institutions, federal labs, industrial partners and local community and technical colleges, underscores the value of broad-reaching partnerships that can pursue major federal and other funding.
Lessons Learned:

**AUTHENTICITY**
The gritty environments of formerly industrial areas give Pittsburgh’s communities an authenticity that is highly valued by young and creative people.

**PLACEMAKING**
East Liberty’s success in attracting Google and many other technology companies is due in large part to its emergence as a well-rounded community with retail, restaurants, entertainment, arts, affordable housing and pedestrian-oriented environments.

**SITE CONTROL**
Redevelopment in an established industrial district is often very dependent on achieving control of key sites that may not be easily relinquished by their owners. Potential tools for land acquisition include swaps of other city-owned land.

**PARTNERSHIPS**
Much of Pittsburgh’s redevelopment and revitalization has depended on partnerships with major foundations, philanthropic partners and non-profits for whom strategically targeted investment is mission-appropriate.

**UNIVERSITY CONTRIBUTIONS**
Carnegie Mellon University’s National Robotics Engineering Center is anchoring the revitalization of Central Lawrenceville and spinning out robotics companies.

**FUNDING GAPS**
In Pittsburgh, public authorities such as the URA have played an important role in providing a variety of funding programs and financing capacities to bridge gaps in the real estate market.

**PARKING**
Employee parking for local businesses should be adequate to prevent backlash from residents no longer able to park in front of their homes. Where it occurs, structured parking is often financed as a loss leader.

**AFFORDABLE SPACE**
Most tech companies are not equipped to undertake a real estate investment and prefer to rent space that is ready for move-in.

**SHARED FACILITIES & EQUIPMENT**
Co-working and other opportunities to share space and equipment allow early-stage companies to conserve their limited capital.

**EXISTING BUSINESSES**
Revitalization plans need to allow existing businesses to stay and grow along with providing job opportunities for neighborhood residents.
Lessons Learned:

DEMAND FOR LOCALLY-MADE GOODS
The New York and San Francisco metro areas are notable for their large populations and high disposable incomes,

LOW BARRIERS TO ENTRY
Local makers are generally focused on consumer goods (such as apparel and accessories) and on consumables (food and beverages).

BUILDINGS THAT CAN BE SUBDIVIDED
Because there are few urban manufacturers than need large amounts of space (50,000 square feet and larger), a neighborhood or property redevelopment is likely to be more successful if priority is given to a building that can be subdivided for many users.

WORK WITH STAKEHOLDERS
When Berkeley officials moved forward with plans for more flexible industrial zoning without stakeholder support, the ballot measure for this change was defeated by voters.

CLEAR REGULATIONS
Ongoing regulatory uncertainty contributed to a multi-year vacancy problem among large industrial buildings as property owners anticipated up-zoning.

PROTECT THE LOSS OF INDUSTRIAL LAND
Strict enforcement of the zoning code and denial of zoning adjustments effectively remove the option of replacing industrial properties with buildings that have higher market values.

ZONING CODE ADJUSTMENTS
Do not hinder the subdivision of industrial space. Because of narrow definitions in Berkeley’s zoning code, building owners have been prevented from subdividing large industrial spaces for light industry, artists and craftspeople. Such technical obstacles, if any, should be removed from the District’s zoning code in order to encourage the reuse of industrial buildings.

SMALL SPACES
Artisan food makers who are in the start-up phase typically require 1,200 square feet or less. Some need only 500 square feet. This limited need means that most of them can lease space in an existing facility that has been subdivided.

SPECIALISTS
When transforming an existing industrial structure such as a warehouse to accommodate food production, District staff should give preference to a developer who specializes in food production facilities or who has a track record of creating food production space.

ENTREPRENEURSHIP MAY BE COUNTER CYCLICAL
During the recession and post-recession period, niche manufacturers and food entrepreneurs continued to be a source of demand for industrial space in West Berkeley, in spite of the regulatory uncertainty of the West Berkeley Project process and the Measure T vote (a five-year period).

SMALL-SCALE USERS ARE DRIVEN BY MARKET DEMAND
In West Berkeley, occupancy by smaller industrial users happened piecemeal and was market-driven on the part of individual firms and landlords, with no public agency involvement.