Self Storage Text Amendment
August 23, 2017

THE CITY OF NEW YORK
DEPARTMENT OF CITY PLANNING

RE: Calendar Nos. 29-30
Self-Storage Text Amendment
Public Hearing

1 Centre Street
Mezzanine
New York, New York

August 23, 2017
10:51 a.m.

BEFORE:
MARISA LAGO, The Chair
APPARENCES:
Commissioners present:
Marisa Lago, Chair
Kenneth Knuckles, Vice Chair
Rayann Besser
Irwin G. Cantor, P.E.
Alfred C. Cerullo, III
Michelle De La Uz
Cheryl Cohen Effron
Anna Levin
Orlando Marin

Also Present:
Nicole Campo, Calendar Officer
Members of the Public

Nicole Ellis, Stenographer
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MS. CAMPO: Citywide, Numbers 29 and 30.

Citywide No. 29, N170425ZRY;
No. 30, N170425(A)ZRY.

Public hearing in the matter of the applications for Zoning Text Amendments concerning the Self-Storage Text Amendment.

Notice: A public hearing is being held by the City Planning Commission in conjunction with the above ULURP hearings to receive comments related to the Draft Environmental Impact Statement.

This hearing is being held pursuant to the State Environmental Quality Review Act and the City Environmental Quality Review.

CHAIRWOMAN LAGO: And I'll note for the Commissioners that as we had a presentation by the City Planning team at the review session, we'll just go directly to the speakers from the public.

Our first speaker on this matter in support is Charles Monchik.
MR. MONCHIK: Good afternoon.

My name is Charles Monchik, I'm the owner of a 90,000-square foot warehouse at 2300 Linden Boulevard.

Ever since this moratorium on storage units has been put in place, it's been a very, very difficult situation to sell my building.

I've had plenty of interest from storage facilities and storage companies who've wanted to come in and make a transaction, we've gotten agreements. And because of this moratorium, nobody would go forward and I've lost out on opportunities to sell the building to storage units.

It's becoming a very difficult situation, because of the size of the building, to sell it to other companies around, considering a lot of companies in that industrial area are leaving the area because of pricing and business being not as strong and going down -- out to New Jersey.
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I just wanted to come today and say that it has been a very limiting factor in being able to do any kind of transaction, and a hardship on my business now because I cannot move this piece of real estate.

CHAIRWOMAN LAGO: Thank you, Mr. Monchik.

Questions?

COMMR. EFFRON: Hi. Some of us read in national newspapers that there is an increase in interest by Amazon-type warehouse operations for more warehouse space within the five boroughs.

Have you seen anything to bear out that market?

MR. MONCHIK: I have seen that, but the Amazon type of operations are looking for larger facilities and not in the -- not in the East New York area.

CHAIRWOMAN LAGO: Commissioner De La Uz.

COMMR. DE LA UZ: I just pulled your building up on the internet so I had a
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visual of what was going on here.

So how long have you owned your building?

MR. MONCHIK: I've owned it since 1973.

COMMR. DE LA UZ: What's been the primary use since you've owned it?

MR. MONCHIK: We used the building as -- I'm a wholesale toy distributor, and we're changing our operation, and I don't necessarily have a need for any warehouse operation anymore.

So I'm trying to move my real estate, sell it, whatnot, I've been on the market for about two and a half years now. And we have had, as I said earlier, interest from some national and public storage companies to come in with much interest.

And once we've gotten to the point of not knowing what the -- what's happening with the moratorium, everybody sort of backed out because no one is going to pull permits and start doing things without knowing what's going to happen.
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So in that respect, it has hurt me and hindered me in doing transactions and being able to move forward.

COMMR. DE LA UZ: Did you have any interest with sort of wanting to continue to become a more industrial use for the property?

MR. MONCHIK: Myself?

COMMR. DE LA UZ: When you put the building on the market two and a half years ago, was there any interest for folks who wanted to have an industrial use rather than a storage use?

MR. MONCHIK: Yes. Before -- the building is too large for a lot of people who want to continue as industrial use.

COMMR. DE LA UZ: And you're within the IBZ?

MR. MONCHIK: Yes. I'm on Linden Boulevard between Essex and Linden.

CHAIRWOMAN LAGO: Any other questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.
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I'll just make two notices before we start, 'cause there's a number of other speakers.

One is to assist the stenographer, if you could please speak quite close to the microphone.

And the second is just to remind people that testimony is limited to three minutes per person.

And our next speaker in opposition is Jon Dario.

MR. DARIO: Good morning. My name is Jon Dario, I'm Vice Chairman of the New York State Self-Storage Association.

While the proposed zoning has been typically characterized as an effort to increase the job-generating potential of the land in the IBZs, such characterization is really based on flawed assertions.

First of all, self-storage is a low job-generating use. While self-storage facilities don't necessarily employ a lot of people on-site themselves, they do
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support many of other off-site jobs.

The second is the proposal's preferred industrial uses would replace self-storage sites, even though there's not really any data to support that.

Self-storage facilities play a critical role in the City in terms of supporting businesses. They provide affordable and flexible storage solutions for small businesses.

In the IBZs, self-storage supports industrial and commercial businesses. Self-storage allows businesses quick and direct access to their inventory, equipment and supplies. And businesses must be close to their storage. If businesses have to travel far for their storage, they would incur additional costs including fuel, tolls and time lost.

The Department of City Planning acknowledges that businesses use self-storage. Approximately one-third of self-storage facilities are consumed by business customers. That means that even
a small 35,000-square foot self-storage facility can directly support as many as 100 small businesses and their associated employees.  

While self-storage facilities may not have many employees of their own on-site, they do, therefore, directly support tens of thousands of businesses in the City and therefore tens of thousands of employers across the City.  

The Department says the businesses could use warehousing instead of self-storage, but that's not a realistic solution for many small businesses. Most small businesses can't afford large warehouse space and lengthy long-term commitments to warehouse contracts. They need the month-to-month flexibility and the quick and direct access and the ability to flex their space up and down based on the demands of the their business.  

Current zoning already limits where self-storage can locate in the City. This
proposed action would further eliminate almost half of the available space that's available for self-storage building and would significantly harm the self-storage business, and the DEIS acknowledges that.

The DEIS also acknowledges that the proposal will not actually spur industrial development. Since self-storage facilities actually support businesses and the zoning proposal wouldn't create any additional industrial space, the City's proposal is flawed and it should not move forward at all. The Text Amendment would impose generic and ineffective zoning broadly across all the boroughs.

The Department recently released an A-Text that would partially mitigate the devastating impact to the self-storage industry and that A-Text is progress, it's a step in the right direction. We believe it requires some amendment and our counsel, Fox Rothschild, will speak about the A-Text.

CHAIRWOMAN LAGO: Questions?
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Commissioner De La Uz.

COMMR. DE LA UZ: Thanks for coming.

I just wanted to kind of go into, one, your acknowledgement about the job piece specifically to self-storage.

Is there a ratio of square footage per job in the self-storage industry that would be helpful for us to know? How many jobs per square feet of self-storage do you generally create outside of the supporting of the folks that are perhaps leasing from you?

MR. DARIO: We can do the math on that. I mean, again, if we take a 35,000 square foot facility that supports as many as 100 businesses, and you assume that each of those businesses employees three people, you're talking about 300 people per --

COMMR. DE LA UZ: I guess I'm asking specific -- that your industry supports.

I mean, that are actually on your payroll, basically.

MR. DARIO: We don't dispute the DEIS
estimate of five-ish people per typical self-storage facility. Some have more, some have less. There's no use quibbling over five, ten or whatever. So I think that's in the range.

COMMR. DE LA UZ: And how is it determined that approximately one-third of the space within existing self-storage facilities are supporting other small businesses?

MR. DARIO: So the reason -- first of all, it's hard to get exact numbers because many small businesses are registered for self-storage use under personal Social Security numbers and so on.

But we know that there are certainly a percentage of businesses, in some facilities as many as 20 or 25 percent that are registered under business entities. And, you know, it's a matter of the operators knowing who's using their facility.

And typically the business operators
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are the ones that visit the facilities on a more frequent basis, so they get to know the operators -- the owners get to know the operators of the businesses in a much better way.

COMMR. DE LA UZ: One of the things that came up when this originally was certified about changing trends in the industry, especially I guess more for the nonbusiness customer picking up belongings and then, you know, delivering them to a storage facility. That would really, kind of, change the demand, if you will, to have storage facilities within certain areas of the City.

So I'm wondering if you could speak to that trend within the industry and what's the prediction on that.

MR. DARIO: I've done a lot of work on that. It's called on-demand storage or valet storage or full-service storage. And it's actually a version of warehousing, it's considered self-storage.

And the -- there are a number of
operators in New York City who are providing such service. There's really only one right now who has established enough capacity where they can actually service the demand. Most of these operators have not built up the logistics framework to be able to really do the business.

And that one operator that has built the logistics capability is underperforming significantly. Their online social reviews are terrible, actually, because they end up losing property and it takes a long time for customers to get their property back.

The most important thing is that customers have to pay for the deliveries. So there's a customer that that's an appropriate solution for, customers who wish to stock their belongings away for an extended period of time and don't want to visit the storage facility and don't need frequent access to their property. The valet storage business is a viable option,
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and probably will have some future.

But there's a significant number of customers who use self-storage who use it as an accessory -- whether it be personal customers or business customers -- they use it as an accessory to their home or business property, and they, therefore, need to -- need to visit the storage facility on a very regular basis, and they want control and access and availability to their goods that -- on their own time.

CHAIRWOMAN LAGO: Commissioner Effron.

COMMR. EFFRON: Thank you.

If you could just help with a couple questions around industry trends, that would be helpful.

One is what percentage of the self-storage operators own or long-term net lease their buildings?

And the second question is whether the rates for self-storage have increased, and if so, by what percentage?

MR. DARIO: I don't know the answer
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to the first question. That's something I could probably find out, although a number of -- the huge majority, 80 percent-ish, of operators in the self-storage industry are small mom-and-pop operators, and therefore private companies, and that information is very hard to come by.

Secondly, as far as rates. Rates in general, particularly in New York City, have gone up over time. And it's our position that this proposal would mark a point where rates would go up significantly for both business customers and individual customers because the supply would be restricted.

Supply in New York City in general is well under the national average, in fact, it's about half of the national average. And so with the supply already lagging behind demand, prices have certainly gone up. And we would hate to see that curve take another northerly turn.

CHAIRWOMAN LAGO: Other questions? Commissioner Cerullo.
COMMR. CERULLO: Thank you.

Perhaps this is a question that may be more informed by the counsel, but perhaps you have a take on this, too.

With respect to the A-Text, which I know you referred to as sort of a step in the right direction, so let's focus on that for a moment, since that's also a consideration of ours in this process.

Do you know, or has there been, any assessment of what the A-Text provides to limit the proposed limitation, or mitigate depending on how you look at the terminology, the limitation proposed in the original text?

And how would that work based on your understanding of the communities you're in and the site requirements you look for now, and, let's say, the feasibility of doing business with what space would be left?

And I raise that because I was actually surprised on Monday to learn what the average size of a self-storage
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facility was. I envisioned them much larger than they actually were, because it seemed to be that, and I use one myself in my life.

But I just wonder what you think. I'm glad to hear "step in the right direction," because that's a positive thing, and maybe there's more analysis on that, that will come later in the testimony.

But I'm wondering from your point of view now, understanding the industry as you do, how do you think that works practically?

It would be helpful in terms of your take on that.

MR. DARIO: First of all, your experience isn't unusual. There's a couple of facilities in highly visible places that look very large, but they don't represent the majority of the facilities, so your point is well made.

The -- without the A-Text, the special permit process alone, we take the
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position that that would be a de facto ban
on self-storage.

As you heard from the last speaker,
there’s not much appetite for a long
drawn-out special permit process. So
having conditions such as those provided
in the A-Text, even though we believe that
there's more flexibility needed in those
conditions, would at least provide some
as-of-right options that wouldn't get in
the way of the long drawn-out special
permit process.

I’m definitely not qualified to speak
in more detail about the details of the
A-Text. I think I'll leave that to Fox
Rothschild, who's next.

COMMR. CERULLO: Certainly, I
appreciate that.

CHAIRWOMAN LAGO: Commissioner Levin.

COMMR. LEVIN: Just following up on
that for a second.

The A-Text would essentially put
self-storage operators also in the
business of being landlords to industrial
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spaces.

From your knowledge of the operator community, are they equipped to do that?

MR. DARIO: There are some who will, some who won't, absolutely, that's a good question.

It's certainly a condition that limits the -- will limit the competition for sites and will take certain operators out of the sites.

VICE CHAIR KNUCKLES: Having sat on this side of the table for several years, I don't know any aspect of the real estate industry that loves the special permit process.

So my question is, would not self-storage, like other areas of the industry, not simply at that, but incorporate into the business practices, special permit process?

MR. DARIO: The most likely adaptation for the self-storage industry in New York City is that they would go somewhere else, and New York City would
not get the development and the interest.

Self-storage is a business that's trying to catch up to demand all across the United States, and investors and developers and the operators have plenty of options. And if it becomes too difficult to develop in New York City, they'll just find another place.

VICE CHAIR KNUCKLES: What about the findings of the proposed special permit do you find to be most onerous?

MR. DARIO: I think that's a better question for Fox Rothschild who has more detail on the actual special permit.

COMMR. DE LA UZ: Just to follow up.

One of the things that came up in our session was that limitations on the self-storage industry aren't just -- the discussions of them aren't just happening here in New York City, but in other parts of the country.

So I'm wondering if you could, from knowledge from the industry, if you could share with us if they could go elsewhere
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may or may not be true because there are
other municipalities that are
(indecipherable).

MR. DARIO: There are a couple other
eexamples around the country where there
have been some restrictions, some similar
restrictions. The West Coast of Florida,
the Naples area, and in the Carolinas
there were some similar action, and maybe
Miami, but that's about it, actually.

And there are -- as I said,
self-storage is undersupplied in virtually
every part of the country, and there are
opportunities all around.

So while there are some similar
measures being taken, we feel that the
right position is that that's all being
done out of lack of understanding
throughout the industry, which is somewhat
self-inflicted to be honest.

But a lack of understanding of what
the industry does for the communities and
the small businesses in the communities in
which they exist.
CHAIRWOMAN LAGO: Other questions?
(No response.)
CHAIRWOMAN LAGO: Thank you for the length of your testimony and taking our questions.
MR. DARIO: Thank you very much.
CHAIRWOMAN LAGO: Our next speaker is Ethan Goodman.
MR. GOODMAN: Good morning. My name is Ethan Goodman, I'm a planner with Fox Rothschild. We represent the New York Self-Storage Association, and we're concerned about this text from a number of perspectives.
Our overarching concern is the lack of any rigorous planning, such as they either affirm self-storage's problems or show planning to be a solution. As it's been said by policymakers, this effort is constraining few jobs in order to preserve land to potentially create more jobs and it's misleading. It's also making it available for few people on-site, but does not make it less of a job generator and is
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critical to the surrounding businesses. A third of self-storage space is used by customers, which depend on its accessibility and proximity to survive and thrive.

Each self-storage facility has worked for thousands of jobs and that's why it becomes very dangerous to adopt a jobs-based zoning approach. There are many uses throughout the City that generate few to no people but are critical to the functioning operation of the City. It also sets a false comparison with the words jobs-generating effects in the as importance to the self-storage community.

Another major concern for the proposal is the significant adverse impact that's acknowledged in the DEIS. The quote is it may impair the economic viability of the industry. Because of that statement on the impact, there's an obligation to consider reasonable and feasible alternatives to the project that have the potential to reduce its impacts.
and that brings us to the A-Text before you today, which the Department has acknowledged better meets the objectives of the proposal.

The A-Text is still undesirable to the industry, I'll make that clear; however, it is a concept preferable to the original text in that it may partially alleviate the adverse impacts from the DEIS. Furthermore, it might, if tailored correctly, have the result of spurring some industrial development which the original action showed no proof of doing.

However, if the Commission is considering the adoption of the A-Text, more work must be done with respect to the amount and the location of the required industrial space. Modern industry these days it's not always about trucking, it doesn't necessarily need ground floor space. Many manufacturers thrive in non-ground floor space.

With respect to the size, 20,000 square foot set aside, we need to remember
this isn't a ten-block rezoning. This is a 5,000 acre rezoning. A one-size-fits-all approach may not be the right approach here and might significantly compromise the economic capability of many developments, which means no space would be created.

So the Commission should consider the following: One is exempting smaller lots in the requirement all together. The second is more effectively tying the size of the industrial set aside to the size of the development and the development site. And third is exempting required industrial space from floor area in all areas throughout.

(Sound of timer.)

MR. GOODMAN: So in closing, we urge the Commission to vote against this proposal in its entirety, as there's no study --

CHAIRWOMAN LAGO: We have a long hearing and we'll be limiting people to three minutes.
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With that, any questions from the Commissioners?

Commissioner Douek.

COMMR. DOUEK: Question.

(Indecipherable).

MR. GOLDMAN: Right. And I think with respect -- I know there's a lot of questions about the exact components in the A-Text put before you. I think it's important to say that we believe that in a more fine tailored A-Text, that there should be some more formal soliciting of feedback from the industry in a forum that's not just a hearing, that we could have a real good dialogue.

Because, as I said, we're talking about 5,000 acres here. We think with respect to their request, 20,000 square feet essentially means requiring the ground floor. It means every site of less than 20,000 square feet, self-storage would be banned. We don't think that's necessarily the right solution. Fifteen, ten, and five, I don't know what the right
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number on the size is, but we just don't believe that you should somewhat arbitrarily take a number like 20 and say under that self-storage shouldn't exist.

CHAIRWOMAN LAGO: Other questions?

Commissioner Cerullo.

COMMR. CERULLO: So I have a question about discussions you may have or at least what is your interpretation of how the A-Text works. It's not actually clear to me at this point so you may know more as a representative of the industry and discussions may have taken place in the industry.

But if this set aside occurs, if the A-Text were to be adopted today, what -- how do you envision the process actually working, right? So there's a set aside for -- there's 20,000 square feet of the building set aside. What process, if you understand one at all to exist, will occur to either improve inside building space or keeping it vacant for that purpose that fulfilled the requirement, 'cause it can't
make a tenant, provide (indecipherable) for a tenant.

And then what occurs? Are you required potentially to the special permit process to wait for the requirement or do you get to prove that you've made some good-faith effort to provide space and seek out? Is the obligation on you? Is the obligation on the industry? Or is the obligation on the world beyond the industry to find this space? Do you have any sense of the practical or technical aspects of how this works beyond just providing 20,000 square feet to avoid the special permit?

MR. GOODMAN: Sure. Yeah, so I can comment on what I believe to be the technical way it works. I can hypothesize the practical way it might work.

With regard to the technical, the way the technical is written out, the interpretation of the text as offered for the A-Text is that if you were to say build a new facility on a vacant piece of
land, your building permits could show that you're building a self-storage facility using 16D, self-storage. And those same permits would need to show that you are seeking a permit for a 20,000 square foot nonself-storage industrial space.

The text as written doesn't mandate that you lease that space, it mandates that you build that space along with building the self-storage space. And I would think that the DOB would not issue a C of O for the self-storage if you did not build the self-storage space.

So at a minimum, you have to build the space and be able to afford that space. It's obviously, as the Commissioners have experienced many times over the past years, it would be very problematic from a financing perspective to tie the operation of the self-storage space to the continued tenants in the ground floor space.

I think from a practical perspective,
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I don't think the developer or an operator of that building would have much incentive to keep that space vacant in perpetuity that generates a rent and you've got to maintain the space.

You asked another question which is interesting, maybe a little bit of a different question, and that's suppose you can't rent the space, what happens? Is there a mechanism? And while the special permit is drafted, I don't know if this was the directed intention, but in theory I suppose the developer could seek a special permit to that 20,000 to eliminate it subsequent to building it and they can't get anybody to go in that space.

I don't know that the special permit findings, as drafted, are drafted for that, you know, there's more of a good-faith effort in those instances.

COMMR. CERULLO: I'm not sure it was drafted for an after-the-fact scenario either, but I saw it as a possibility from an interpretation point of view which
might be the avenue if there wasn't any other avenue provided.

    MR. GOODMAN: Correct. I want to clarify one thing, and that's in the scenario that you propose it, everything that's been built in the 20,000 can't be tenanted. But the industry is concerned about many, many projects that would never get built because the 20 provides a significant economic disincentive financing, you just can't build a project to begin with, with 20.

    CHAIRWOMAN LAGO: Other questions?

    (No response.)

    CHAIRWOMAN LAGO: Thank you.

    Our next speaker in opposition is Ari Goldman.

    MR. GOLDMAN: Hi. My name is Ari Goldman, I'm one of the owners of Safe N Lock Self-Storage, a self-storage developer that employs 20 people at our headquarters on Eastchester Road in the Bronx. Self-storage is what we do, it is our primary business and area of
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We are submitting testimony today regarding the Self-Storage Text Amendment, as well as the proposed A-Text.

As SNL previously testified at the City Planning scoping hearing on March 30th, the special permit as originally presented is a multi-year, unpredictable and discretionary process that makes it virtually impossible to secure financing or to provide investors with an accurate timeline for construction. It's inevitably a ban.

The proposed A-Text Amendment requires that a significant section of a building, specifically 20,000 square feet, be assigned to a would-be manufacturer is a deal-breaking risk for our company; that is one-third to one-quarter of the space in our self-storage facilities. A typical SNL facility is around the median gross square footage built in New York City over the last ten years, which is 65,800 square feet.
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Perhaps a real estate developer with an occasional large self-storage development or one-off storage project can facilitate this manufacturing space, but for a company like ours, that consistently builds only self-storage facilities, locking the proposal into a fixed number, 20,000 square feet, would only work on a relatively rare 200,000 square foot site and is not practical.

We build where we know there's demand. Most of our facilities' customers come from a 1.5 mile radius. And within 36 months, our facilities across New York City are operating at 90 percent capacity or more. This is a reliable business model.

The proposed A-Text is asking that we completely change our business model both with respect to mixed-use construction and becoming property managers.

The inherent risk involved in relying on a tenant's rent when a manufacturer may or may not appear is tremendous.
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Moreover, we have not even accounted for the first-floor storage rents that we lose, these units are usually 20 percent higher rents than those on the other floors.

The M1-1 FAR proposal is also problematic. Of the 13 sites that SNL has developed, only three are in M1-1 districts. The other ten are in M2 and M3 zones, as well as C8. The 20,000 square foot exemption barely applies to our projects.

The Department of City Planning has repeatedly said that they want to preserve large sites near truck routes for manufacturing.

We proposed an alternative that responds to City Planning's state goal and recognizes current trends in small batch manufacturing. Under 50,000 square feet should be as-of-right with no requirement; then, instead of an arbitrary square footage requirement which applies to all building sizes, requires a 10 percent
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ground floor manufacturing space on all new self-storage facilities more than 50,000 square feet.

The Greenpoint Manufacturing and Design Center leadership has called small-scale manufacturing the future of urban manufacturing. This is underscored by virtually all of their tenants renting units ranging from 1,200 square feet to 10,000 square feet.

We were very interested to hear the recent announcement by the City, GMDC and TF Cornerstone on the mixed-use for Long Island City. The 100,000 square feet of light manufacturing space in this 1.5 million square foot mixed-use development amounts to less than 7 percent of manufacturing space.

(Sound of timer.)

CHAIRWOMAN LAGO: Thank you.

Please feel free to submit any written testimony.

Questions?

(No response.)
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CHAIRWOMAN LAGO: Thank you, sir.

Our next speaker in opposition is Marc Sharrin.

MR. SHARRIN: My name is Marc Sharrin and I'm the CEO and one of the owners of Safe N Lock Self-Storage.

A survey of the industry completed earlier this year showed that more than 30 percent of the users of self-storage are local businesses, the majority of which use their facilities on a daily or weekly basis; 47 percent of these businesses are minority and women-owned and range from non-profits to mom-and-pop shops to manufacturers.

We're testifying today to ensure that citywide policy allows for self-storage development moving forward. SNL is not a large real estate developer with smaller interests in self-storage, but rather focuses solely on the self-storage sector.

Unfortunately, the A-Text Amendment is destined to fail. The mixed-use alternative must be rooted in economic
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reality. If self-storage developers cannot build under this model, then what will we have accomplished?

To that end, our investors will not underwrite 20,000 square feet of manufacturing on a typical-sized project.

If one considers a 72,000 square foot building -- a sample of one of SNL's projects currently under construction -- the construction costs without the manufacturing component are estimated to be $10.2 million. With the A-Text manufacturing component, the total construction costs are estimated to be $15.3 million. With the 20,000 square feet of industrial space, construction costs go up 18 percent for the entire project on a per square foot basis. This dramatic increase is a result of mixed-use construction requirements.

For example, the building will have to change from a light gauge framed building to a structural steel building, which changes the load requirements, steel
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requirements, and the building becomes a type 1B fire rated building;

The underpinning and concrete costs increase dramatically due to foundation loads, as well as structural steel costs;

Increased costs will also rise for HVAC, plumbing, electrical services, masonry, and elevator construction, as well as additional stairs.

The total project costs, including land, interest payments, and other fees, will have increased some $22.8 million to $29 million.

Let's assume the 20,000 square foot space and get $20 per square foot rent, which is roughly aligned with current trends, and will be 90 percent occupied. This translates into a rent of $360,000 per year.

The increase in project costs far outweights the rent from manufacturing. As such, the return on investment is inadequate to make this feasible.

Without investor confidence in this
proposa or the discretionary special permit process, self-storage will effectively still be prevented from developing in IBZs. This will most likely result in other nonmanufacturing as-of-right uses, like truck depots and entertainment complexes, to take over available lots and properties.

The 10 percent proposal on 50,000 square feet or larger can be risk-managed and may be financially feasible. And this plan would actually result in new manufacturing space, which is something the current text will not bring to the City.

Thank you.

CHAIRWOMAN LAGO: Thank you.
Questions?
(No response.)
CHAIRWOMAN LAGO: Thank you.
Our next speaker in opposition is Nick Burns.

MR. BURNS: Good morning. My name is Nick Burns and I'm the Director of
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Acquisitions with Safe N Lock Self-Storage.

I just wanted to reiterate points that were made on manufacturing trends.

The Greenpoint Manufacturing and Design Center has called small-scale manufacturing the future of urban manufacturing. This is underscored by virtually all of their tenants from units ranging from 1,200 square feet to 10,000 square feet.

We were very interested to hear the recent announcement by the City, GMDC and TF Cornerstone on the mixed-used proposal for Long Island City. This 100,000 square feet of light manufacturing space in this 1.5 million square feet mixed-use development amounts to less than 7 percent of manufacturing space.

The self-storage text could be as creative as the Long Island City proposal, but currently it is not.

We appreciate the effort to compromise. But a compromise never
realized is not a compromise. We encourage the Commission to allow all parties to go back to the drawing board to come to a more realistic and mutually beneficial outcome.

CHAIRWOMAN LAGO: Thank you, Mr. Burns. Questions? (No response.) CHAIRWOMAN LAGO: Thank you for your business.

Our next speaker in opposition is Maeve Marcello.

MS. MARCELLO: Good morning. My name is Maeve Marcello and I'm the Construction Manager at Safe N Lock Self-Storage located in the Bronx. I'm also a resident of the Bronx.

I spoke before the Department of City Planning at an earlier scoping meeting in March expressing my concern for this proposal. While it seems that some changes have been made in response to concerns many people have raised over the
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last few months, it's not enough for companies like mine to continue building much needed self-storage facilities.

I'm here today to reiterate my opposition to the Self-Storage Text Amendment and the proposed A-Text because of the damage it would do to employees in the self-storage industry like myself and some of my colleagues here today.

I have been an employee at SNL for two years and prior to that I worked for a steel production company in East New York. As someone who works in the self-storage industry and with a past career in manufacturing, I believe that City Planning's amended proposal to require 20,000 square feet of manufacturing space be built within a storage facility is not at all realistic and would basically put SNL, and other companies, out of business.

SNL has been an extraordinary career growth opportunity for me. I'm concerned that the jobs in the self-storage industry, like mine, are being targeted by
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this proposal. This is damaging to working class people and to local companies like SNL that are serving a growing need in the City.

Furthermore, as a construction manager at SNL, I see how SNL has changed communities for the better. I visit sites under development on a regular basis, many of which are in distressed areas. Many of these properties were formerly manufacturers that chose to leave New York for many reasons. Those buildings often become blights on the local community, sometimes unoccupied for many years.

Self-storage is growing because the demand is high and the City's density is increasing, both on the residential and business customer side. I think it's possible for self-storage to co-exist with manufacturing, even in the same facility, but it has to be realistic. I truly hope that City Planning will continue to work with the industry to get this proposal right, and that means creating an
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environment that's feasible to build new self-storage in IBZs.

City Planning has talked a lot about bringing jobs to New York, which is a great goal. We need more jobs, but there are lots of real jobs at stake right here in the self-storage industry, like mine and the 20 other people that I work with at SNL.

That's it. Thank you.

CHAIRWOMAN LAGO: Thank you.

Questions?

(No response.)

MS. MARCELLO: I wanted to add one other thing, which I mentioned back in March.

There was a site that we developed in Jamaica, Queens. And as a former resident of Jamaica, Queens, that area used to be abandoned and it was dangerous because of public transportation.

Once we developed that area for self-storage, it's been a lot better to walk around, and I've seen a lot more
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activity there.

So I wanted to put that out there as a resident living in the City.

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition is Stuart Beckerman.

MR. BECKERMAN: Good morning. My name is Stuart Beckerman from the office of Slater & Beckerman, and I am counsel to SNL Self-Storage.

So I'm just going to try not to be repetitive, of course I support and echo many of the points that were previously made.

Just briefly, the A-Text, which I'm going to focus on as a step in the right direction, continues to propose too high of a burden on each self-storage development to become viable, as was previous expressed. And we respectfully ask that the Commission reject the broad-brush approach of both the original proposal and the A-Text, and direct staff to further define the proposal so it's
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sensitive to the circumstances of all
stakeholders and better achieve some
objective of fostering development in the
City's manufacturing areas.

There are several problems with the
A-Text. First, on the larger sites a
requirement of 20,000 square feet for
ground floor industrial space is extremely
onerous and, therefore, serves a
disincentive to the development of
self-storage because you don't need that
in the City. And as a consequence to the
development of new industrial space, which
as we know otherwise does not need to be
developed in the ways the people would
like.

So I'm going to try not to be
repetitive here, I'm going to talk about
one example, give an example of how this
would be onerous. So for example, if we
had a 40,000 square foot lot under an
M1-1, with this A-Text we would be
entitled to 40,000 square feet of
self-storage as-of-right on the context
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we'd be required to build 20,000 square feet of industrial space.

The numbers speak for themselves, that's just not economically feasible. And under the A-Text we would be required to seek a special permit. It makes no sense if the site is too small, we shouldn't have to go for a special permit. In other findings, this is impractical to provide an industrial ground floor in the zoning lot. And that, again, just points point to something that's self-evident.

So I just wanted to answer a question that -- follow up on an answer to a question from Commissioner Cerullo. He asked earlier and Mr. Goodman did a great job of responding, but I just want to sort of supplement his answer. And in an M1-1 if you're required to build 20,000 square feet and then subsequently you build the space and can't rent it out, the question was can you go seek a special permit under the A-Text. Actually, you can't.

You can't qualify in the M1-1 because
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in the M1-1 you're told to build FAR and you can't. The only use you could use it for is a community facility, because it's already exceeded the FAR and you built out the space and can't rent it out.

CHAIRWOMAN LAGO: Thank you.

Questions?

COMMR. LEVIN: I know you know your way around a special permit application. You've made it very clear that you are -- you don't want to think about special permits here.

But I wonder if you've had an opportunity to look in detail at the proposed findings for the special permit, and imagine what it would be like to prepare such an application.

You would be in an important position on behalf of a private applicant to argue that the use is appropriate considering the economic development objectives of the City, which you might not know about, and you'll have to argue that essentially the site was not useable for an industrial
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purpose, which is not the business that
your applicant client would be in anyway.

This puts me in line with a number of
applications on which we've seen before
the Commission having to do with
industrial space, manufacturing space in
Soho.

Are we creating a similar situation
here?

MR. BECKERMAN: I'm glad you asked
that question, Commissioner, because that
was the point I was going to raise. That
this special permit as written no one is
going to apply for because it's an
impossible situation.

First of all, you have to analyze for
a whole range of industrial uses, which
range from art studios, motion picture
production, contracted establishments,
trucking terminals, trade schools for
adults, distribution facilities,
manufacturing, how do you even begin to
analyze looking at the specific findings,
which are just impossible to measure. And
if the findings are, as you pointed out, it's unsuitable for self-storage because of the economic -- considering the economic development objectives of the City, well that is appropriate for self-storage, but it's impractical to industrial ground floor of the zoning.

So among the criteria that are laid out that we are supposed to look at are the size of the configuration, the recent transit level invested in the surrounding area.

What happens if you file your application in 2018 and at that point there's no investment and then by the time you get before the Commission in 2020 and there is investment, what are you supposed to do with that? Then the potential conflict between industrial ground floor uses and manufacturing, what industrial uses are we talking about? We know that there's many.

I don't even know how to begin to do an analysis, and it becomes a moving
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target to go through the process. I mean, what may be a concern to the Community Board may not be a concern to the Commission and then there may be new concerns at the City Council that we tried to anticipate but couldn't. It's a nonstarter, nobody is going to file an application for a special permit either under the original proposal or under the A-Text.

CHAIRWOMAN LAGO: Other questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition is Varun Sanyal.

MR. SANYAL: Hi. Good morning, Chair. Good morning, Commissioners.

My name is Varun Sanyal, I'm the Vice President of Economic Development at the Brooklyn Chamber of Commerce and today I'm representing our president and CEO, Andrew Hoan.

The Brooklyn Chamber of Commerce is a membership-based business assistance
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organization that represents over 2,100 business members throughout the Borough of Brooklyn.

The Brooklyn Chamber of Commerce applauds the alternative proposal of the Self-Storage Text Amendment as a step in the right direction, as we believe it recognizes the symbiotic relationship between manufacturing and self-storage, although there are a few adjustments that can make this proposal even better.

Instead of a square footage requirement which applies to all lot sizes, require a 10 percent requirement to build ground floor manufacturing space on all new self-storage on sites more than 50,000 square feet. We believe that sites with under 50,000 square feet should be as-of-right with no requirement.

Our second recommendation is that the FAR bonus should apply to all M zones in the IBZ, not just M1-1. Many small businesses in Brooklyn turn to self-storage as an inexpensive alternative.
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to warehousing, this includes manufacturers who see self-storage as complementary.

Considering the cost of real estate, access to storage allows small businesses to minimize expense.

We recommend the City to reconsider the alternative proposal to reforming IBZs through a special permit on self-storage and take a more comprehensive approach to promoting manufacturing throughout New York City.

Thank you for your time.

CHAIRWOMAN LAGO: Questions?

COMMR. DE LA UZ: I think the Brooklyn Chamber is probably in a unique position where you have membership of both industrial businesses in the Borough of Brooklyn that could benefit from this proposal, but also small businesses who may see the potential loss of self-storage as a major impact.

Have you done any surveying of the membership as part of developing the
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Chamber's position?

MR. SANYAL: Yes, and we surveyed our businesses. We realize that the amount of businesses that would actually get hurt is astounding because a lot of small businesses, they really utilize self-storage instead of real estate, which is more of -- the cost-benefit analysis is tremendous compared to actually utilizing self-storage.

So it's part of their budget so it's why we took the position.

COMMR. DE LA UZ: Did you do special outreach to the industrial members as part of this?

MR. SANYAL: Absolutely. We have a very robust industrial coalition.

COMMR. DE LA UZ: Do they have different comments?

MR. SANYAL: There were some that might have been for it, but the majority were -- would be hurt by the special permit.

Like I said, we applaud the amendment
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as a step in the right direction, but we believe that impacts would still occur.

CHAIRWOMAN LAGO: Other questions?
(No response.)
CHAIRWOMAN LAGO: Thank you.

Our next speaker is speaking in support of the A-Text, the modified text, Josh Weingarten.

Mr. Weingarten?
(No response.)

CHAIRWOMAN LAGO: Our next speaker in opposition to the A-Text is Armando Moritz-Chapelliquen.

MR. MORITZ-CHAPELLIQUEN: Good morning, members of the Commission. Thank you for the opportunity to testify.

My name is Armando Moritz-Chapelliquen, I'm with the Association Neighborhood and Housing Development. I hope you guys have a copy of my written testimony, there's a lot I want to go into but for the sake of time I'll just jump around to the key points.

This is obviously a long time coming.
AMHD is part of a citywide coalition Industrial Jobs Coalition, which is a citywide alliance with industrial policy advocates, community groups, as well as industrial service providers, and you'll be hearing from some of them after me.

And we're actually in support of the original proposal, because there's two proposals on the table right now; the original text and the amended text. And we have previously and continue to support the original proposal for what it does in terms of meeting and matching the Administration's economic development goals, but we are firmly in opposition of the A-Text.

And just to kind of parse out why, I want to read a portion of my written testimony.

The original proposal creates a solid foundation upon which we can continue to strength the Industrial Business Zones and create more space for good paying jobs.

On the other hand, the A-Text will
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exacerbate the speculative market forces
that have made it increasingly difficult
for manufacturers to stay in the City,
leading to a loss of the jobs that could
make us a more equitable city.

And I wanted to read that because I
think with all the conversation that's
going on, I think it's crucial for us to
remember why we have this application in
the first place.

Many people remember back in 2015 the
Administration had its own industrial plan
and the Administration, City Council and
the City as a whole recognized their
competing uses are making it harder and
harder for industrial manufacturing to
stay in the City. That should be a
controversial point, I think it's
something that's the reason why we have
this application in the first place
because the original proposal, what it
ultimately does is two very significant
things: One, it actually maps zoning text
for the Industrial Business Zones,
something we've never had before, and says, Here is the use, we're going to make it so these core industrial areas are going to have way more jobs. That's what this is all about, and the proposals are going to start off being about industrial ground floor uses or what's the right way to use alternative industrial spaces. This is about the key uses, this is about making space for jobs and industrial manufacturing uses, something that's an economic development objective of the Administration.

So that being said, I find it very puzzling to understand how we came from the original proposal, which very clearly advances that goal and sets the future foundation for use, and come up with the A-Text, which, if anything, provides a number of different loopholes to make sure that we don't actually get any industrial ground floor space. Where, if anything, provides incentive for more development beyond what's currently allowed in the M1
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areas.

So I just wanted to bring it all back to that crucial point. I mean, I'm happy to answer any questions you have on the A-Text. We have a number of different procedural, possibly political, concerns with it. But ultimately this is about making sure that we're reaching the economic development objectives of the City.

You were there when the Administration back in 2015 --

(Sound of timer.)

MR. MORITZ-CHAPELLIQUEN: I encourage you to pass the original proposal.
Thank you for the opportunity to testify.

COMMR. DE LA UZ: I just want to go back to the point you raise about the original intent of the original proposal. And I mean, can you speak to how we, through special permit specifically for self-storage facilities, really advance the Administration's goals.
MR. MORITZ-CHAPELLIQUEN: Sure, absolutely.

And I don't know if I mentioned this during my three minutes, but I think it's crucial to point out it's not just about self-storage. The fact that we're mapping out the Industrial Business Zones or providing actual zoning protections for this crucial step forward, self-storage is not going to be limited. Back in 2015, the mayor mentioned self-storage as well as hotels, and if you ask any of the industrial advocates who are here, they would mention a number of other competing uses.

And ultimately what this proposal is about is creating that firm foundation for it to perform and making space for manufacturing uses.

COMMR. DE LA UZ: If I may, so can you talk about the concerns you have about it, because you've heard from representatives in the industry who basically said even the A-Text is
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problematic. So there's a -- you're in agreement but for different reasons.

If you could outline your reasons.

MR. MORITZ-CHAPELLIQUEN: Sure. So there's a number of concerns, like I mentioned.

So I think on face value, the original proposal advances the Administration's economic development goals. It's very in line with how the A-Text does. We're talking about limiting the competing uses, the A-Text doesn't limit self-storage. It requires them to have an industrial ground floor, which they've already done.

So I'm curious as to where the 20,000 square feet came from and the idea of having a percentage committed to industrial ground floor regardless of size, like MIH, if we're going to cross into other conversations.

But even the idea of having 20,000 square feet not comply in M1 areas or the 20,000 not counting towards the
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maximum density, what you're doing is providing additional density for self-storage. There is no evidence, as was pointed out in the questions earlier, there's no requirement to fill that industrial ground floor usage. And you don't have to be an expert to say, This space is now going to be built 100 percent self-storage with 20,000 industrial ground floor, we're going to keep the rents high because that's the reason why we have this application in the first place, and then a couple months down the line the same developer applying for a variance to convert that to self-storage.

The end result being zero industrial ground floor space, zero industrial at all, and I don't understand how that fulfills the Mayor's economic development values.

CHAIRWOMAN LAGO: Any questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition is
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Brian Coleman.

(No response.)

CHAIRWOMAN LAGO: Our next speaker in opposition is Adam Friedman.

MR. FRIEDMAN: I have written testimony, I'll do my best to summarize it.

I'm Adam Freidman. I'm director for the Pratt Center for Community Development, and for 50-odd years we've been providing land use and architectural ground services, going into communities and building more equitably. And we think a critical part of that equity is a strong, vibrant manufacturing sector.

And that's what brings us here today. We support the original proposal for a special permit to create self-storage. In fact, we've supported that since 1997. The first paper we've ever released, The Little Manufacturer That Could, called for special permits for nonindustrial uses in the M zones. And it did it for two reasons:
At first, it was a direct displacement, which is kind of obvious; and the second goes to really the heart of the whole IBZ, which is what's the signal that zoning sends to property owners and the market? If they anticipate the nonindustrial uses that pay more, they'll price accordingly?

So the whole intent behind the IBZ was to signal the market properly so that prices could be adjusted properly. The A-Text, which we oppose, again for those two reasons: It will cause direct displacement and it sends the wrong signal to the market, that this is an area that can be used for other things. And it seems that no good can come from it.

It's been asserted that this will create a mixed-use cross-subsidy model. We think that's not based on a ration that relates the self-storage to the industrial space. Second, it applies to conversions, not just new construction. And third,
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argument, we don't think it's enforceable. It kind of suffers from the same defect as 20 context, regardless of it being on the first floor, it's just not enforceable over the long-term.

I can understand how the owners, and I really heard them all here today, feel kind of scapegoated or singled out. And it's important to go back to what Armando just said, how this was supposed to be part of a much more comprehensive spread. We spoke with the mayor, November 2015, in which they proposed a number of land use initiatives; this, hotels, study of North Brooklyn, IBZs, come up with a template for industrial land, and of course the industrial fund created this infrastructure for nonprofit ownership.

All of that needed to move forward together and the fact that it didn't, kind of has led us here today, the feeling of isolation. Even the name, calling it -- only applying this to designated areas, that adds to the aggravation. Why is it
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the IBZs to illustrate that this is a comprehensive policy? Trying to get the agencies to speak up --

(Sound of timer.)

CHAIRWOMAN LAGO: Thank you.

Questions?

COMMR. EFFRON: I want to go on the record saying I think that was the original report.

MR. FRIEDMAN: And our children were at a certain age.

COMMR. EFFRON: But I would like to ask you, are there any other comprehensive IBZ opportunities you see the City providing, particularly as we go through land use decisions, about things such as City-owned space and IBZs? In other words, the City would reinforce the manufacturing and potential for deeper affordability opportunities.

MR. FRIEDMAN: That are not necessarily pre-zoning?

COMMR. EFFRON: You can give us both.

MR. FRIEDMAN: Well certainly the
other nonindustrial uses and I think we have -- once that is secure, I think you can begin to look at increasing FAR.

The City is increasing population, where are we going to put everything? So we have to both look at, unfortunately, more fine tuning. It's going to be more prescriptive, and the tradeoff for that is greater density.

I want to stay on the non-zoning side, because of the budget, certainly looking at the infrastructure, roadways, and also looking at how we convey with the public that this area, 'cause the property is really for manufacturing. Why do we propose the same criteria that we have for residential areas, whether it's sidewalks or bike lanes or signage or truck routing, why should we have those same patterns that normally apply to residential areas? We should break away from those areas as a way of syncing up the market and land use with that sort of placement.

I also wanted to respond to one other
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thing that was raised, about the impact of
the original proposal.

If you look at the DEIS, I think
they're saying the No Action Scenario
would result in 87 additional projects;
with the proposed action it's only 81. So
it's no deterring a tremendous amount of
development. So I don't see it impacting
on the industry the same way that's been
described here today.

CHAIRWOMAN LAGO: Any questions?

COMMR. DE LA UZ: I think you started
to potentially -- I understand the
position is to support the proposal
obviously, you know, you've heard
testimony from the industry, that is tepid
support for the A-Text, you know, the same
issues. Obviously having issues with that
as well, do you think -- would you make
any recommendations regarding changes to
the A-Text (indecipherable).

MR. FRIEDMAN: We went through that
process in terms of how can we make this
better. It doesn't apply, it doesn't
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encourage perversions. Maybe looking at
the ratio 'cause the ratio is totally out
of whack on a larger building
(indecipherable).

But in the end, it's so huge -- has
such huge projects, I think the greater
value is really sending the appropriate
signal to the markets. So I don't think
we're endorsing --

COMM. DE LA UZ: (Indecipherable).

MR. FRIEDMAN: Right, 'cause we don't
think that.

COMM. LEVIN: The factual
considerations that led to the creation of
the original proposal, have you looked at
the market impacts that the self-storage
industry has had in these industrial
zones? Are they to -- one competent --
the argument here is they're identifying
force and need to be (indecipherable).

What information do you have to help
us understand the market force that is
self-storage?

MR. FRIEDMAN: We haven't done that
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for self-storage. We did it for hotels and there's a report that we have online on our website, and I'll send you the link, that looks exactly at that. But we couldn't isolate out essentially those factors 'cause there's so many non-industrials trying to acquire land.

It's a mind set, it's what the expectation that the owner has about resale.

COMMR. LEVIN: It seems like that's something we need to look at.

MR. FRIEDMAN: Yes.

CHAIRWOMAN LAGO: Other questions?

COMMR. DE LA UZ: Just -- and because the A-Text -- part of what I think was appealing to some folks was the idea of potential cross-subsidy between the self-storage program for industrial use.

Do you have any thoughts overall about processing those and business models and have that as an appropriate?

MR. FRIEDMAN: When we were looking at 25, we did some analysis based on that.
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And the ratio we came up was around a third, that's what it would take to yield a reasonable return on the investment. And that was the fact that the ratio in San Francisco, which we think of it as being a similar market, they had for limitations on self-storage so the whole Bay Area does.

COMMR. CANTOR: The question goes through my head, the Commission seems to be in the position of, If it ain't broke, why fix it?

MR. FRIEDMAN: We think it's broke. Do you mean the regulations governing the industrial areas of the City? Because we think there's a need for much more fine tuning of those regulations. We continue to chip away and at some point you begin to undermine the operational capacity of the City.

If you look at Jerome Avenue, East New York, these were all concentrations of the auto industry, right? Eventually where are they all going to go if you
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continue to hack things into fewer and fewer areas. This is an example of that.
So I think we've got to get much more serious about how we preserve space for that sort of back office, you know, infrastructure type function.

COMMR. CANTOR: You see this in the current situation, do you have recommendations regarding the current situation other than saying put it away.

MR. FRIEDMAN: Certainly about other non-industrials. We do have a series of recommendations that we've worked with, the coalition, of what nonindustrial uses should not be allowed in the industrial area.

COMMR. CANTOR: Do you know whether that was available to those that shafted the new A-Text?

MR. FRIEDMAN: I assume they were. They actually were reflected in the original policy papers of this administration. There is a policy paper that the de Blasio administration put out
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about what a progressive development
agenda would look like and a lot of them
are contained there.

COMMR. CANTOR: Thank you.

CHAIRWOMAN LAGO: Other questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition to the

A-Text is Justin Collins.

MR. COLLINS: Good morning, and thank
you for the opportunity to take part in
this conversation.

My name is Justin Collins. I'm the
Director of Strategic Partnerships and
Development at the Southwest Brooklyn
Industrial Development Corporation or
SBIDC.

We manage the area's Industrial
Business Zone and run the Brooklyn
Workforce Industrial and Transportation
Career Center.

As providers of both industrial
business and workforce development
services, we have serious concerns about
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the proliferation of self-storage facilities and other incompatible uses in the City's M designated districts.

Self-storage facilities in manufacturing zones pose a major threat to Brooklyn's industrial economy. They take up large plots of land that could instead house more job-intensive businesses and have been known to replace existing employers.

Additionally, they encourage real estate speculation that makes it increasingly difficult for manufacturers to remain in Southwest Brooklyn.

For these reasons in particular, we strongly support the original Text Amendment that creates a special permit requirement for future self-storage development in M designated districts.

We're opposed to the new Text Amendment A because it does not offer sufficient protections for industrial businesses against real estate speculation and incompatible use groups.
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There are nine self-storage facilities located in the Southwest Brooklyn IBZ. Five of these facilities are either less than a year old or currently under construction, including all three facilities in Sunset Park. The number of self-storage facilities in the IBZ has more than doubled in the past year.

Industrial jobs offer strong opportunities for good wages and benefits, as well as strong career pathways that can lead to real economic mobility. When a self-storage facility is developed on property previously home to an industrial business, it creates a net loss of jobs. Even if developed on vacant land, it precludes the creation of these industrial jobs.

Furthermore, the presence of self-storage facilities in other nonindustrial uses, like hotels, leads to real estate speculation which pushes manufacturers to look elsewhere when
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relocating their business.

At SBIDC, we're often the first point of contact for businesses looking to expand or to locate into Southwest Brooklyn. We believe there are many as-of-right businesses who are eager to invest in Southwest Brooklyn and to hire locally.

While the current Text Amendment A appears to offer space for manufacturers, developers can easily avoid this industrial ground floor requirement and it sets a dangerous precedent that can easily be applied to other incompatible uses that can pay higher rents than industrial.

Additionally, there's no clear enforcement mechanism to ensure that this industrial ground floor requirement actually houses industrial uses in perpetuity.

As a result, this mixed-use provision does not promote the Administration's goal of creating more affordable industrial space.
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The original amendment that called for special permit requirements on new self-storage developed in M designated districts, is better suited to protect the growth of industrial and manufacturing jobs.

(Sound of timer.)

MR. COLLINS: SBIDC is happy to assist in the creation of proactive ways to protect New York's industrial economy. Thank you.

CHAIRWOMAN LAGO: Questions?

COMMR. LEVIN: Maybe just from your own experience in one particular IBZ, can you give us information about land prices? And you mentioned the concern that self-storage -- allowing self-storage facilities is leading to real estate speculation.

Are the self-storage folks currently paying much higher land prices than other manufacturing uses? Have you seen transactions that can give us some market prices?
MR. COLLINS: I don't have the market prices offhand. I will say many
industrial businesses have come to us that are very interested in the area or interested in remaining in the area, and they're having a very tough time, you know, with the rapidly increasing rents.

I know several large buildings have gone for inflated prices, essentially. There was the buildings that went for $90 million and we're also seeing former industrial businesses like the Davidson pipe space demolished and replaced by what's currently being constructed as a self-storage facility.

So I don't have the prices offhand, but I have seen this trend and our businesses have seen this trend of rapidly increasing prices and it's going sort of right at the same time as hotels and self-storage and other non-compatible uses.

COMMR. EFFRON: Thank you.

You're colleague from the Brooklyn
Proceedings

Chamber mentioned that some of the businesses they surveyed did need self-storage in order to operate. Has that been your experience?

MR. COLLINS: From our experience, we've seen more concern about the proliferation of self-storage spaces in the area from our industrial businesses. You know, the Brooklyn Chamber is a great partner of ours, we work closely with them on many things, but that has not been our experience.

CHAIRWOMAN LAGO: Other questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition to the A-Text is Darryl Hollon.

MR. HOLLON: Good afternoon. My name is Darryl Hollon, I'm an industrial business service provider through the BOC Network for the Flatlands/Fairfield Industrial Business Zone and the East New York Industrial Business Zone. I have two testimonies here today;
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one I read previously for the
Flatlands/Fairfield Industrial Business
Zone, that I'm going to submit.

I'm going to read a testimony here
today that I signed up to read from my
colleague who could not be here, his name
is Quincy Ely-Cate, and in the opening
remarks it mentions what he does and
everything.

So if I have time to read the other
testimony, I'd like to read it but here's
his.

My name is Quincy Ely-Cate. I work
at the Business Outreach Center Network
and I am the industrial business service
provider to Central Queens which includes
the IBZs of Steinway, Ridgewood, Woodside
and Maspeth. I'm also the coordinator for
the Maspeth Industrial Business
Association.

Manufacturing and industrial
businesses in Maspeth, Ridgewood, Steinway
and Woodside provide tens of thousands of
liveable wage jobs for New Yorkers. These
Proceedings

businesses are currently under tremendous
pressure from the increase in real estate
rents as developers encroach on these
areas with speculation of alternative
uses. Requiring a special permit for
self-storage development is an important
first step to protecting and preserving
these designated zones for their intended
use.

It's also important to note that it's
critical that the special permit is
expanded to include other alternative uses
such as hotels and event spaces in order
to prevent the loss of businesses and stop
the loss of liveable wage jobs for these
local communities. Once these jobs are
gone, they will not be coming back.

In the Maspeth IBZ alone there's over
850 industrial businesses which provided
over 15,000 jobs. Most of these
businesses are small, local businesses and
75 percent of them have fewer than 20
employees. Many of these businesses have
been operating in these areas for
Proceedings
generations and in some instances employ whole families. Manufacturing and industrial jobs in New York City pay workers an average of $50,000 per year, twice as much as what those same workers would earn in the service industry. Many of these manufacturing and industrial jobs are accessible to the communities that surround the IBZ as they do not require higher education, a requirement for most other livable wage jobs.

Self-storage facilities in the IBZs consume large swaths of land and provide very few jobs of which most are low paying service jobs. Self-storage facilities employ an average only five people. The IBZs were designated for uses that encourage activities that are dense with quality jobs. As a profitable business model, self-storage facilities are also one of the unintended uses in the IBZs that contribute to the upswing in real estate prices.

Ultimately, I support the spirit of
the self-storage special permit and its intentions, which would directly preserve and protect the critical space that form the IBZs for job intensive activities and help combat a portion of the speculative real estate pricing in these areas.

CHAIRWOMAN LAGO: Thank you.

MR. HOLLON: I can answer questions.

COMMR. DE LA UZ: In the IBZ that you work in, about how many self-storage facilities are there?

MR. HOLLON: The two IBZs I manage. There's ten, but I found another one the other day called Make-something, so there's 11 in the two. There could be more, okay.

So I can give you some parameters, you asked about blocks and things like that. I did a survey, okay. The two IBZs, the East New York IBZ is 49 acres, 2.25 acres is a city block, okay. So there's 49 acres in that IBZ and the Flatlands/Fairfield IBZ is 210 acres or -- no, I take that back.
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There's 100 acres in the East New York IBZ, which is 49 blocks. There is 483 acres in the Flatlands/Fairfield IBZ, which is 210 blocks, okay. Now all together in the two IBZs there's 583 acres. In that 583 acres, there's an average -- there's 3,000 jobs in the East New York IBZ and 6,000 in the Flatlands/Fairfield IBZ, that's 9,000 jobs.

When you add the acreage, it comes out to about 34 jobs a block, a square block. Ten storage facilities and five employees, that 50 employees, that's one employee for every five square city blocks, okay. So that's something I wanted to point out.

And those numbers I can verify for you.

Any other questions?

CHAIRWOMAN LAGO: Other questions?

(No response.)

CHAIRWOMAN LAGO: Thank you.

Our next speaker in opposition is
Proceedings

Brian Coleman.

(No response.)

CHAIRWOMAN LAGO: Our next speaker in opposition is Maeve -- no, sorry about that.

So those are all of the speakers who have signed up on this matter.

If there's anyone else who is here who would like to speak, please make their way forward.

(No response.)

CHAIRWOMAN LAGO: I would note that the record on this matter is going to remain open for another ten days to receive comments on the Draft Environmental Impact Statement, and will be open through Tuesday, the 5th of September.

And with that, the hearing is closed.

(Time noted: 12:18 p.m.)
CERTIFICATE

STATE OF NEW YORK )
    : ss.:
COUNTY OF QUEENS )

I, NICOLE ELLIS, a Notary Public for and within the State of New York, do hereby certify:

I reported the proceedings in the within-entitled matter, and that the within transcript is a true record of such proceedings.

I further certify that I am not related to any of the parties to this action by blood or by marriage and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of August 2017.

Nicole Ellis

NICOLE ELLIS
Self Storage Text Amendment  
August 23, 2017

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