

# INDUSTRIAL REAL ESTATE

## TOOLKIT



Strategies to preserve industrial space, grow and modernize building stock, and maintain affordability in your city's industrial real estate.



**M**anufacturing is an important part of a vibrant community, bringing innovation, creativity, and stability to cities and creating onramps to work for people from a variety of backgrounds and skills. Through efforts like those described in this toolkit, cities can ensure the basic need of real estate is met for manufacturing companies.

This toolkit is a how-to-guide. Its purpose is to give city staff, policy makers, and partner organizations concrete tools and strategies to preserve industrial space, grow and modernize building stock, and maintain affordability in their city's industrial real estate, thereby creating a fertile ground for local manufacturing companies to thrive, expand, and re-locate within a community. For each strategy, there are several case studies outlined and some considerations to keep in mind when evaluating whether such a strategy is the right choice for a particular community.

There are many policies that support a successful manufacturing sector but at the most basic level: manufacturers need a place to make. It is imperative that individual cities take action in their own community to protect, grow, and ensure the usefulness of their industrial real estate. Once industrial space is lost to other uses, it is virtually impossible to convert back. Implementing clear real estate strategies at the city level will help manufacturing businesses start, grow, and stay in the Bay Area.

Cities can also work together through regional intermediaries like the **Association of Bay Area Governments and the Metropolitan Transportation Commission (ABAG-MTC)** to help create a supportive industrial real estate environment and grow their manufacturing economies. For instance, the **Priority Production Area (PPA)** designation that will be considered for the next **Plan Bay Area**, would identify zones and resources where manufacturing, warehousing, distribution, and repair services are a priority in considering future land use. The **Mega-Region Goods Movement Study** currently underway, will also develop recommendations to grow and expand the goods movement sector within the Bay Area and beyond. Potential financial incentives linked to PPAs may include grants to retain and expand key clusters of production, distribution, and repair firms.


## WHY MANUFACTURING?

Manufacturing has been, and continues to be, an important economic engine in California. The sector has grown over the past five years as the hidden costs of offshoring become more apparent and as the industry adopts technological efficiencies that benefit domestic manufacturing.

The San Francisco Bay Area is at the heart of the California manufacturing revival: Manufacturing growth across our region outpaces both the nation and California as a whole. The Bay Area is at the epicenter of the technology and design innovations that have so benefited domestic manufacturing and is rich in industrial commons—from research institutions to international ports.

When manufacturing does well in the Bay Area, the whole region benefits. Importantly, manufacturing retains its character as a sector with quality opportunities for people from a variety of backgrounds. Manufacturing allows the Bay Area's diverse residents to build livelihoods through employment and entrepreneurship and also allows designers and manufacturers to benefit from the skills and perspectives born of that diversity.

The Bay Area currently holds some 300,000 manufacturing jobs in total, a quarter of the manufacturing jobs in California, and these jobs must be nurtured and protected. We live in a time with low barriers to connectivity and cities outside of California frequently recruit our state's businesses. Our region must take responsibility for our manufacturing sector and assert ourselves as the manufacturing power we are. Cities must work together to support the needs of the interconnected and regionally based supply chain. By supporting each city's manufacturers, we support all the manufacturers in the region.

 All links in this toolkit can be found at [www.bayareamfg.org](http://www.bayareamfg.org).

## STRATEGY CARDS

1. Maintain an Inventory of Industrial Lands
2. Utilize Zoning to Designate and Protect Industrial Areas
3. Enforce Existing Industrial Designations
4. Zone for Artisan Manufacturing
5. Allow Other Commercial Uses to Cross-Subsidize New Industrial Construction
6. Prioritize Infrastructure Improvements
7. Incentivize Rehabilitation of Legacy Industrial Spaces
8. Designate City- or Other Publicly-Owned Property for Protected and Subsidized Manufacturing Space
9. Engage with Non-Profit Industrial Development Organizations

## HOW TO USE THIS TOOLKIT

This Toolkit is made up of nine strategy cards. Each card:

- Describes a method to support your industrial real estate, which protects space, drives growth, creates enhanced affordability, or ensures increased utility of industrial land in your city.
- Provides concrete examples of successful real estate strategies or projects.
- Offers ideas to consider prior to engaging that strategy.

Start with those strategies that fit your city's needs.

### WHAT DO THE ICONS REPRESENT?

Each icon shows what overarching type of support the strategy provides.



**Protect:** Protect what industrial real estate your city already has.



**Grow:** Help your city develop more space for manufacturing.



**Affordability & Community:** Create affordability and ensure that all types of people benefit from manufacturing jobs.



**Usability:** Address ways to make industrial space more appropriate for manufacturing users.


# 1 Maintain an Inventory of Industrial Lands

## OVERVIEW

Taking an inventory of industrial lands allows a city to understand not only what areas are most heavily used, but also what is being made there and what types of jobs are supported. Public data may provide some foundational context, however an on-the-ground effort will provide greater detail and context in order to characterize the industrial districts. An inventory could include: company name, quantity and types of jobs, how the space is utilized, and capture any unique building or infrastructure elements that make the space ideal for manufacturing. Ideally, it would also be useful to summarize revenue levels, payroll statistics, and/or tax contributions made by manufacturing companies. A template to consider as a starting point is [here](#).


## Case Studies

### Hayward Industrial Technology and Innovation Corridor Baseline

**Profile:** Hayward, CA 

Hayward's Economic Development Strategic Plan and General Plan 2040 prioritize developing a strategic approach to retaining and growing businesses in the Industrial Technology and Innovation Corridor. To compile the necessary information and data to drive strategic planning, staff conducted research to create a baseline profile of businesses in Hayward's industrial lands. Published in 2015, this was the first comprehensive profile of the businesses located in Hayward's industrial zoned area. The information is being used to direct economic development resources to targeted sectors and programs.

### Philadelphia Industrial Land Use

**Atlas:** Philadelphia, PA 

In 2010, Philadelphia was facing increasingly constrained industrial land supply, changes in demand for industrial space, and increased pressure from other uses. This led them to conduct a parcel by parcel survey of fifteen districts of land, totaling over 15,000 acres, which represented close to 90% of industrial activity. The results of these efforts were catalogued in the Philadelphia Industrial Land Use Atlas and included information from land use and zoning to vacancy and employment. More importantly, the Atlas informed the process for zoning changes in these areas and served as base level data for the Lower Schuylkill Master Plan, the largest of the industrial districts poised for industrial revitalization. The data also fed into the Philadelphia Manufacturing Growth Strategy.

## CONSIDERATIONS

- Consider conducting regular updates to the data every five years, so that any changes taking place in industrial spaces are formally captured.
- Where possible, use real estate data to discover any significant changes to lease terms for major industrial employers.
- Look for supply chain connections among assessed businesses, understanding that such relationships may cross city boundaries.
- Consider surveying related uses such as distribution and repair services to understand the network of users in industrial space.
- Look to local business owners, business and industrial associations, community members, and manufacturing service providers to assist with the process. Many will know the areas well and can provide early information about what businesses operate in the area and what types of jobs they support.
- If limited resources constrain the ability to conduct a city wide industrial survey, consider taking a deeper look at the areas with the heaviest industrial concentration.
- Identifying the area that already has industrial jobs will help make the case if and when protecting those areas becomes a viable conversation, and may also help to guide workforce development or other opportunities.
- Indicate access to major highways, airports, and ports so that goods movement needs can be taken into consideration.
- Due to the nature of many industrial businesses operating behind closed doors, it can be surprising to discover the amount of manufacturing and light industrial work taking place in your community.



Protect



Grow



Affordability & Community



Usability

## 2 Utilize Zoning to Designate and Protect Industrial Areas

### OVERVIEW

Through the power of land-use zoning, cities can designate certain areas as restricted to industrial uses. More specifically, limiting other uses (such as office and residential) in industrial areas can keep speculation at a minimum, helping to stabilize pricing. For some cities, simply tightening the definition of industrial or disallowing other uses in industrial areas can accomplish the goals of protection without a full rezoning process.

### Case Studies

#### The West Berkeley Plan: Berkeley, CA ▶

Formalized in 1993, the West Berkeley Plan “aims at reinforcing the dynamic mix of industrial, office, arts and crafts, residential, retail and institutional activities in this vital district of the City.” The Plan was uniquely driven by a citizens committee that helped identify existing uses, decided which uses should be allowed in the future, and balanced the desire for environmental outcomes with the needs of current and potential future users. The Plan retained a small area for heavy manufacturing and identified key areas where light manufacturing was to be encouraged, while also protecting housing and commercial districts in the same diversified area of the City of Berkeley. As a result of the West Berkeley Plan, the city’s largest employer and manufacturer, Bayer, expanded inside the city.

#### Eastern Neighborhoods Plan: San Francisco, CA ▶

Approved in 2008, the Eastern Neighborhoods Plan rezoned a mixed-use area that was rapidly losing industrial space. This plan designated active industrial areas as PDR (Production, Distribution and Repair) disallowing office and residential for the first time in these districts. Some areas were allowed to convert over time acknowledging the need for housing and other commercial uses. Likewise, policy makers realized the office and tourism economies relied on and needed viable, adjacent PDR space to truly thrive. The planning process had robust community input, a new impact fee specific to the Eastern Neighborhoods, and maintains a Citizen Advisory Committee (CAC) that directs the impact fee spending.

#### False Creek Flats Master Plan: Vancouver, BC ▶

In October 2017, the City of Vancouver approved a master plan for a 450-hectacre (1,111 acres) site (adjacent to downtown and growing residential areas) with predominately industrial uses. The Master Plan created space for only 1,300 residential units, some retail and restaurants, and places a heavy focus on preserving industrial uses and creating affordable space for manufacturing and related users.

#### CONSIDERATIONS

- As an adjunct to protected industrial zoning, consider adopting city policies affirming the value of industrial activity and manufacturing, sending a clear message to citizens, developers, and policy makers alike that these uses are valued.
- Rezoning is more easily accomplished if an inventory of industrial lands has already been created.
- Apply protections to those areas that already have industrial jobs. Clearly designate certain areas exclusively for industrial uses.
- If some areas do not currently have industrial jobs or industrial users in place, consider allowing them to convert.
- Take into consideration transit access for workers, and overall access to transportation amenities.
- If accommodating light industrial into non-industrial areas, remember that many small manufacturers rely on third party shipping companies for their supplies and distribution and take that truck traffic into consideration.
- Keep apprised of uses adjacent to industrial districts and users that could present active conflicts.



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## 3 Enforce Existing Industrial Designations

### OVERVIEW

If your city has already clearly designated certain areas for industrial uses and disallowed uses such as housing or office, then a key strategy for protecting these spaces is enforcement against unauthorized land uses in industrial districts. Create a mechanism where it is easy and anonymous for community members to report if a space is not being utilized according to zoning code, and allocate staff to ensure code violations are enforced.

### Case Studies

#### Code Enforcement Division, Planning Department: San Francisco, CA ▶

The San Francisco Planning Department accepts code complaints in a variety of forms, and allows citizens to remain anonymous. In the last several years, the planning department has added additional staff and created public awareness of enforcements through the media and public access to enforcement tracking through the public records database. Complaints against planning code violations in PDR (Production, Distribution and Repair) Districts has been on the rise in recent years.

#### Special Garment Center District: New York, NY ▶

In 1987, New York City instituted a Special Garment Center District that requires landlords of larger cross-street buildings in the West 30s and lower West 40s between Broadway and Ninth Avenue to earmark 50 percent of above-ground floor space for apparel manufacturing. New York has taken a proactive enforcement strategy by having inspectors show up unannounced to ensure the zoning is being met. The Special Garment Center District was created to maintain opportunities for apparel production, wholesale, and showroom uses in existing buildings.

### CONSIDERATIONS

- This strategy is considerably more effective if the location of industrial spaces has already been established and protected.
- Empowering the community to help will be more successful if you also provide education to the community on zoning definitions.
- It is certainly worth noting that, on occasion, the entrepreneurial companies these policies are aiming to support will push the zoning boundaries by, for example, living inside their work/production spaces.
- Online tools like the [Property Information Map](#) provided by the San Francisco Planning Department can make it much easier for the general public to access zoning information and public records related to specific parcels.
- Proactive enforcement can be highly effective, especially when inspections are conducted at random.
- While proactive enforcement looks expensive at the beginning, word travels fast that inspections are happening and it may be the more cost efficient alternative to accomplish the same goal of protecting industrial space.



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## 4 Zone for Artisan Manufacturing

### OVERVIEW

One solution to accommodate more manufacturing uses is to zone specifically for artisan manufacturing within districts that have not typically had industrial uses, like a neighborhood commercial area. Artisan manufacturing zoning generally refers to zoning definitions that take into consideration the need of high-skill crafts people making small batch products, typically with a small team. Artisan manufacturing is paving the way for a new type of mixed-use typology with light manufacturing as a key element of the commercial footprint. Another approach to creating more space for artisan manufacturing is to refine industrial zoning without removing any industrial protections.

### Case Studies

#### Artisan Ordinance: Nashville, TN

The Nashville Arts Commission and Planning Department worked together to create an Artisan Ordinance to encourage artisan manufacturing. The Wedgewood Houston neighborhood planning process was happening at same time and served as the primary example. The purpose was to incorporate artisan manufacturing uses within industrial and commercial areas, retain existing artisan manufacturing uses, and accelerate the growth of artisan manufacturing in Nashville. Practically speaking, the Artisan Ordinance reduced parking requirements, limited residential uses (only allowed for live/work where someone is living in the facility where they are producing), limited retail (unless accessory to manufacturing), and limited performing arts facilities to a maximum of 20,000 square feet.

#### Fabrication Zone: Somerville, MA

As part of a citywide planning process, Somerville identified industrial areas poised to transform into residential. Some areas were facing tremendous pressure and some had already converted to residential. As part of the efforts to transform certain areas, the City took a closer look at what was happening in those industrial spaces, and realized that many of the small manufacturers and other related users were collectively key job creators and that many of the new businesses in the city were coming out of those districts. Prior to the adoption of the Fabrication Zone, Somerville lost a major

manufacturer and worked hard to squeeze Artisan's Asylum, a public makerspace, into an industrial zoning category. Had the zoning already been adopted, their space would have been approved as of right. Based on this experience, over 80 small makers and artists (led by the makerspace Artisans Asylum) attended community hearings and asserted the importance of the Fabrication Zone.

#### CONSIDERATIONS

- Artisan manufacturers can enliven an area with accessory retail given that many products built in this way are consumer goods.
- Consider zoning specifically for artisan manufacturing in commercial corridors that could benefit from new energy and engagement.
- Evaluate what benefits your city is willing to offer in order to attract these small craft manufacturers, such as reduced parking requirements, and requiring storefront spaces.
- Work with local arts organizations to raise awareness of new zoning. Many smaller makers identify as artists rather than manufacturers.
- Review your existing commercial zoning code to ensure that it does not preclude maker activity even if it is not singled out as a separate zone.
- Even small manufacturers will require access to loading/unloading and will generate some amount of truck traffic. Consider goods movement needs when specifying where such a district would make sense.



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## OVERVIEW

New industrial development, particularly multi-tenant industrial space, may not make financial sense in all communities. To help incentivize the development of modern industrial space, allow other commercial uses, such as office or labs, to cross-subsidize the development of industrial space. One method for creating this incentive is allowing the development of commercial space on previously restricted but underutilized industrial properties while requiring the development of new industrial space on the same site/in the same neighborhoods.

## Case Studies

### Inclusionary PDR Zoning: San Francisco, CA

In 2013, the City of San Francisco passed a unique zoning amendment, which creates new industrial development by allowing office development on certain underutilized industrial sites, effectively creating a cross-subsidization of the industrial space. If the site is greater than 20,000 square feet and below 0.3 FAR within certain industrial districts, a developer may apply for a conditional use to develop up to 2/3 of the site with new office space as long as they concurrently deliver 1/3 of the site as new industrial. The first project to take advantage of this legislation is [100 Hooper](#).

### 25 Kent: Brooklyn, NY

A private developer drove a site-specific rezoning process to require light-manufacturing uses in a new mixed-use office and industrial development, totaling over 500,000 of new square footage. The ground floor will feature production and light-manufacturing spaces with accessory retail opportunities meant to create viable manufacturing space while also adding a ground floor amenity. New York City approved the rezoning, which converted community facility use to commercial "incentive uses," effectively allowing more office development while requiring light industrial.

## CONSIDERATIONS

- Keep in mind that simply creating new industrial space does not guarantee its accessibility or affordability.
- Any commercial uses that can co-exist with light manufacturing could be potential drivers for the cross-subsidization, including office, retail, self-storage, labs, or R&D.
- When considering mixed-use projects with an industrial component, be sure the design of the facility or disclosure documents are public at the outset. This helps to abate any potential complaints from the non-industrial users on noise, odor, vibration, or truck traffic.
- When determining what uses to allow for cross-subsidization, take commercial rent prices into consideration and make sure that the allowable use can help offset costs for industrial users.
- Utilize city leverage during approvals processes to ensure that additional community benefits are baked into cross-subsidized industrial real estate plans.
- Make sure industrial users have appropriate access to loading and unloading; loading docks, curb cuts, truck parking, etc. Manufacturers both regularly need to bring in supplies and to ship out finished goods.



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## 6 Prioritize Infrastructure Improvements

### OVERVIEW

Economic development has long focused on ensuring that adequate infrastructure is in place to support business growth in the form of roads, railways, airports, and utilities. Today's manufacturers also need to be connected to high-speed internet service for design, order fulfillment and basic business functionality. And as environmental issues continue to be at the forefront, sustainability considerations can be top of mind for small local businesses.

### Case Studies

#### Lit San Leandro: San Leandro, CA

The City of San Leandro prioritized high-speed internet access through a public/private partnership that resulted in the creation of a commercial, 18-mile fiber optic network known as Lit San Leandro. Lit San Leandro provides manufacturers in San Leandro the potential to access state-of-the-art fiber optic connections. The City owns the conduit, while the fiber is owned by a private operator (San Leandro Dark Fiber). Under its agreement with San Leandro Dark Fiber, the City owns between 30 and 72 strands of fiber depending on location for community benefit purposes. City-owned fibers are at the heart of building out San Leandro's Smart City infrastructure: the use of hardware and software to collect data that enables better decision-making for the San Leandro community.

#### Warm Springs/South Fremont Community Plan: Fremont, CA

Leveraging the location of the Bay Area's newest BART Station, the City of Fremont has developed a Community Plan for an 879-acre area surrounding the Warm Springs/South Fremont station, which opened in early 2017. This plan lays out an employment-dense Innovation District, anchored by manufacturing activities. Key infrastructure investments in the plan provide a strong public realm for employees and residents. Developers can incorporate these benefits into projects as an offset to traffic impact fees. The plan takes a "performance" based approach, which rewards density and, in effect, uses housing to offset the costs of commercial development. Parking ratios are relaxed given the proximity to BART. Finally,

the City of Fremont is funding a direct bike and pedestrian bridge connection from the BART station to employment areas to the west of the station. The City is also designing and securing funds for the construction of a second bike/pedestrian bridge to cross I-880, connecting Warm Springs to another large concentration of manufacturing in Fremont's Bayside area.

#### International Boulevard Bus Rapid Transit (BRT): Oakland, CA

Construction is underway for a 9.5-mile route of BRT by AC Transit which will connect downtown Oakland to San Leandro BART, mostly along the long commercial corridor known as International Boulevard. Between International Blvd. and the 880 freeway to the west is the most concentrated industrial district of Oakland. While there are only two BART stations serving this district, the BRT project will establish 23 rapid bus stops on the corridor, increasing access and reliability for workers just 2-5 blocks away from the many manufacturing companies in the district. The BRT stands to deliver critical infrastructure that will support both industrial and commercial activity in this large swath of Oakland.

### CONSIDERATIONS

- Talk with existing manufacturing companies about what local infrastructure is working for them and what could be improved.
- Amenities such as restaurants, open space, and retail are increasingly desirable to manufacturers and their workforce, and can affect their choice of site location.
- The future of goods movement is changing. Stay ahead of the curve by studying the next phase of transportation options.



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## 7 Incentivize Rehabilitation of Legacy Industrial Spaces

### OVERVIEW

Modern manufacturers, especially the artisan and small batch manufacturers that are growing rapidly, sometimes need smaller spaces than the manufacturers of the past. The needs of these smaller makers create a perfect opportunity to rehabilitate old manufacturing facilities for new users. Evaluate the viability of old facilities and create the opportunity for building owners or operators to demise spaces, creating smaller and more flexible work environments.

### Case Studies

#### The Gate: San Leandro, CA

Originally built in the 1940s as a Plymouth automobile factory, the 18-acre site called Westgate Shopping Center now includes a 400,000 square foot business accelerator on its second floor called Gate510. This unique facility houses a mix of light manufacturing businesses (advanced manufacturing, cleantech, biotech, virtual reality, drone tech, and software), large scale artists, and some office space atop a ground floor retail environment. San Leandro has supported efforts to convert this space into a more active production environment by connecting it to high speed internet through Lit San Leandro, showcasing businesses at special events, and ongoing coordination between the planning, building, and fire departments to ensure the safety of the physical plant as new uses are explored for Gate510.

#### Circle City Industrial Complex: Indianapolis, IN

The Circle City Industrial Complex spans more than half a million square feet in Indianapolis' Near Eastside and is home to small manufacturers, artists, makers, and small businesses. It was the original factory of the Schwitzer Corporation, who was a major player in the auto industry. The design of the building does not lend itself to modern large scale manufacturing, but it serves small manufacturers and makers perfectly now that

new ownership has taken over and invested in upgrades and demising. The City of Indianapolis contributed grant funds directly to the project for the redevelopment of the vacant southern tip of the building to develop a shared makerspace, a performance venue, and an anchor restaurant to help draw more people to the building.

### CONSIDERATIONS

- Remember the old adage that time is money in real estate, so supporting an industrial rehabilitation project with expedited permitting or priority reviews can make a difference in whether a project makes financial sense or not.
- Calculate and communicate to decision makers and community members the benefits of an industrial redevelopment project, including business starts, job creation, and placemaking elements of the development.
- Access to reliable ways to move products and supplies is paramount. Ensure that locations selected for focused rehabilitation have adequate truck and freight access.
- In some cases, it may make sense to allow some office or other higher-rent paying commercial uses within these types of facilities with the direct goal of creating internal cross-subsidization.
- Consider creating direct grant funding opportunities for rehabilitation projects that will benefit from having a source for first money into the project.



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## Designate City- or Other Publicly-Owned Property for Protected and Subsidized Manufacturing Space

### OVERVIEW

Cities have a unique opportunity to influence the supply of industrial space by allocating city-owned or other publicly-owned property to industrial users either directly or through an intermediary. While affordability is not an issue in all cities, creating a stable industrial product that is accessible to low-margin manufacturers can be a boon to manufacturing workforce stabilization.

### Case Studies

#### Brooklyn Navy Yard: Brooklyn, NY

The Brooklyn Navy Yard (BNY) is a 300-acre City-owned industrial park and one of the fastest growing green manufacturing centers in the country. A study by the Pratt Center for Community Development demonstrates that New York City's strategy of retaining ownership of BNY, placing it under mission-driven, non-profit management, and investing a total of \$250 million in capital funds since 1996 has paid off: the Navy Yard generates \$2 billion in economic output and sustains 10,000 jobs in over 300 businesses and \$390 million in earnings each year. BNY receives consistent, annual capital allocations from the City of New York for infrastructure maintenance. See [Pratt Center's study](#) for a deeper look at what makes BNY so successful.

#### Philadelphia's Keystone Opportunity Zone: Philadelphia, PA

Manufacturers and other businesses that move into industrial territories designated by Philadelphia's Keystone Opportunity Zone project can qualify for subsidized city-level business privilege tax, net profits tax, real estate taxes, and some state taxes. These regions are owned by several public or quasi-public entities, including the City of Philadelphia, Philadelphia Energy Solutions, the Philadelphia Industrial Development Corporation, and the Philadelphia Authority for Industrial Development, and include the Navy Yard, Byberry East Industrial Park, the Eastwick Industrial Park and dozens more.

### CONSIDERATIONS

- Utilize traditional economic development funding mechanisms to fund industrial development.
- Some funding mechanisms require modifications at a programmatic level in order to be used. HUD 108 and CDBG funds are some of the most likely to fit, especially if the city includes manufacturing uses as part of their application.
- Identify and prioritize underutilized, large publicly-owned property with an industrial component.
- Ensure industrial use is a priority in the area, and make sure zoning and policies clearly reflect that priority.
- Identify or establish a non-profit intermediary who can take title and create stability for small, local manufacturers.
- Campus-like settings tend to be more successful both because a contained area is more protected from competing uses, and because industrial businesses can feel free to be loud and messy.
- Identify goals for local hiring in manufacturing employment and facilitate access to workforce intermediaries.
- Once existing industrial stock converts to other uses, it is very difficult to get it back.
- Ensure that the economic development strategy identifies manufacturing as a priority use.
- Shape the goals of large-scale developments to address barriers to employment by connecting with workforce development organizations who understand what barriers are most prominent in the community.



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## 9 Engage with Non-Profit Industrial Development Organizations

### OVERVIEW

Non-profit industrial development organizations can provide a critical on-the-ground service to help drive real estate access and affordability to local manufacturers. Due to their non-profit status, they can directly leverage philanthropic and private capital to drive lower rents and stability to small- and medium-sized local manufacturing companies. Partnerships between non-profit and for-profit developers, when appropriate, can further a city's goal of equity and inclusion while lending weight and expertise to the non-profit developer's project.

### Case Studies

#### Greenpoint Manufacturing and Design Center: Brooklyn, NY

Greenpoint Manufacturing and Design Center (GMDC) is a 25-year old, non-profit industrial development organization that has been systematically rehabilitating multi-story industrial buildings into spaces accessible to small- and medium-sized manufacturers. GMDC delivers accessible, affordable, and available spaces typically by combining **New Markets Tax Credits** with direct City of New York grant monies and bank debt, in the ratios of approximately 1/3 for each financial input. GMDC has rehabilitated seven properties. Currently, GMDC owns and manages five of these properties, which together represent more than 600,000 square feet of space. These buildings are occupied by more than 110 businesses that employ over 600 people.

#### Industrial Council of Nearwest Chicago: Chicago, IL

Industrial Council of Nearwest Chicago (ICNC) provides below-market space to small- and medium-sized manufacturers with a full range of business services at no cost. ICNC is home to one of the largest business incubators in the country with over 110 tenants in a 416,000 square foot facility, recently named Make City. Their mission is to assist companies toward their stated goals leading to long-term success.

#### PlaceMade: San Francisco, CA

Launched in 2013 by SFMAde, PlaceMade focuses on creating long-term, stabilized below-market industrial space designed specifically with manufacturers needs in mind. PlaceMade's first major project is The Manufacturing Foundry at 150 Hooper, a 56,000 square foot manufacturing space built alongside 100 Hooper, a mixed industrial and office project. The Manufacturing Foundry will provide small manufacturers below-market space in a new building in the heart of San Francisco's design district.

#### CONSIDERATIONS

- Providing a new industrial non-profit developer with access to an asset or capital is a critical first step that cities can provide to help launch these beneficent landlords.
- To truly drive affordable rents, non-profit developers will require some form of subsidy. The most commonly used is New Markets Tax Credits, which drive about 20% of the necessary funds into a project.
- Cities should consider multiple avenues to create financial or political support for below-market industrial projects, including creating industrial real estate trusts similar to affordable housing trusts, appropriating federal funds like **CDBG** and **HUD 108** to industrial projects, and/or offering impact fee discounts for affordable space linked to job creation.



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# Bay Area Urban Manufacturing INITIATIVE

A PROJECT OF **SFMADE**

**THE BAY AREA URBAN MANUFACTURING INITIATIVE** is a collaborative effort of over 26 Bay Area cities—including Alameda, Antioch, Berkeley, Concord, Emeryville, Fairfield, Fremont, Hayward, Livermore, Milpitas, Morgan Hill, Newark, Oakland, Oakley, Petaluma, Pittsburg, Pleasanton, San Francisco, San Jose, San Leandro, San Rafael, Santa Rosa, South San Francisco, Union City, Vacaville, and Vallejo, and facilitated by SFMade—to encourage sector specific regional connections and to preserve the Bay Area’s strong manufacturing ecosystem.



**Empowering manufacturers. Creating jobs. Transforming our city.**

SFMade’s mission is to build and support a vibrant manufacturing sector in San Francisco, that sustains companies producing locally-made products, encourages entrepreneurship and innovation, and creates employment opportunities for a diverse local workforce.



[CitiCommunityDevelopment.com](http://CitiCommunityDevelopment.com)



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