

CITY OF YES: ZONING FOR ECONOMIC OPPORTUNITY

Summary of Proposal 18 – New “M” Districts -- and City Council Modifications

Disclaimer: this is an explanatory document. Only the zoning text as approved by Council will be regulatory in nature.

Industrial businesses support supply chains and critical infrastructure including food distribution, power plants and energy storage, recycling and waste management, and building and construction materials, and are essential to New York’s transition to green energy. They also are a crucial source of middle-wage jobs that do not require a college degree, with a workforce that is over 80% people of color.

NYC’s current “M” (manufacturing) zoning districts date back to 1961 and hold back our industrial businesses. Industrial businesses are forced to compete for space with commercial uses like offices, retail shops, bars, and entertainment venues. High parking and loading requirements and low FAR make it very difficult to build new industrial buildings or expand existing ones.

The COY ZEO text amendment creates new “M” zoning districts that address these issues:

- A “Core Industrial” district (M3A) to protect essential industrial areas by reducing competition with commercial uses like entertainment, office, and retail
- A “Transition” district (M2A) to maintain a dynamic mixture of industrial and commercial by incentivizing industrial space
- A “Growth” district (M1A) to encourage mixed-use loft-style buildings for flexible growth of industrial or commercial businesses near transit

The text amendment does not actually map these new districts, it just creates them as new tools in the Zoning Resolution. Legislation the Council passed in 2023 requiring a citywide industrial plan and strategies for each IBZ will help inform their future application (Local Law 172 of 2023).

Council Modifications

Throughout public review, the Industrial Jobs Coalition and several Community Boards recommended strengthening the proposed new “M” zones to better support the retention and growth of industrial businesses and siting of essential infrastructure. In response, the Council is making the following modifications to the zoning text:

- Strengthening M3A “Core Industrial” Districts
 - Reducing allowed non-industrial uses from a maximum of 1.0 FAR to 10,000 sqf per zoning lot.
 - The policy goal of the M3A Core Industrial District is to preserve the city’s most essential industrial areas, especially large sites with access to freight rail, maritime freight, and/or efficient truck routes.
 - The proposed 1.0 FAR allowance for non-industrial uses would not be effective in preventing commercial conversion of existing buildings and preserving essential industrial sites. Allowing a maximum of 10,000 sqf per zoning lot

would preserve essential sites for industrial businesses and infrastructure while still allowing some flexibility for small retail or restaurants serving the industrial workforce.

- Ensure that CPC and BSA Special Permits for large commercial or entertainment uses are not applicable in M3A districts.
- Strengthening M2A “Transition” Districts
 - Increase the size of the zoning incentives for industrial space
 - Proposed:
 - M2-1A: 2 FAR industrial uses, 1.5 FAR commercial uses
 - M2-2A: 3 FAR industrial uses, 2.5 FAR commercial uses
 - M2-3A: 4 FAR industrial uses, 3.25 FAR commercial uses
 - M2-4A: 5 FAR industrial uses, 4.25 FAR commercial uses
 - Modified:
 - M2-1A: 2 FAR qualifying, 1 FAR commercial uses
 - M2-2A: 3 FAR qualifying, 2 FAR commercial uses
 - M2-3A: 4 FAR qualifying, 3 FAR commercial uses
 - M2-4A: 5 FAR qualifying, 4 FAR commercial uses
 - Require 50% of the ground floor to be occupied by industrial uses as condition of industrial zoning incentive
 - Do not allow additional community facility uses as-of-right
- Strengthening overall framework
 - Maintain the current M Zones’ limits on big box retail (10,000 sqf size limits on many types of retail), with exception for supermarkets in M1A and M2A (no limit in M1A, 30,000 sqf limit in M2A)
 - Require 40 ft setback from waterfront to preserve future opportunities for activation of maritime freight
 - In the current M zones, development is permitted right up to the water’s edge, in some cases precluding future activation of maritime freight.

Beyond Zoning – Citywide Industrial Development Strategic Plan

Last November, the Council passed [Local Law 172 of 2023](#) to require a citywide Industrial Development Strategic Plan to support industrial development, expand and retain industrial businesses and jobs, and ensure coordinated planning for city infrastructure and green energy needs and the efficiency and resiliency of chains for essential goods and services. This plan is required to be completed in 2025 and will also help inform future neighborhood planning and land use actions to apply these new “M” zoning districts. The Industrial Development Strategic Plan will also require analysis and recommendations for reform of financial incentives for the industrial sector. As a part of this, DCP and EDC will study creation of a financial incentive for industrial space in mixed-use buildings to pair with zoning incentives such as the Transition District, the “Gowanus Mix” bonus, and the Industrial Business Incentive Areas Special Permit. Linking zoning bonuses with financial incentives has been highly successful for the [FRESH program](#) for supermarkets as the linkage strengthens both the incentive and the enforcement framework.