

PRACTICAL NEWS
LEGAL ALERTS
June 2023

City of Yes: Zoning for Economic Opportunity Proposal Outline

On June 14, 2023, New York City Mayor Eric Adams introduced his long-awaited proposal, *City of Yes: Zoning for Economic Opportunity*. The proposal is the second installment of the mayor's larger "City of Yes" zoning initiatives, together with *Zoning for Carbon Neutrality* (currently under public review) and *Zoning for Housing Opportunity* (expected next year).

City of Yes: Zoning for Economic Opportunity is intended to promote the City's economic recovery from COVID-19 by focusing on four key areas:

1. Revitalizing commercial corridors by allowing more types of businesses to open throughout New York City;
2. Filling vacant storefronts by removing certain regulatory barriers in local corridors;
3. Fostering the expansion of key growth sectors in all five boroughs; and
4. Modernizing outdated use regulations to align with a modern economy.

To achieve these goals, the proposal promises sweeping changes to existing zoning rules. The City has not yet released the full text of the proposal, but this alert outlines some of the key proposals already made public.

Expanding Business Opportunities Across the City

Create a new zoning framework to support key growth sectors

Many of the City's fastest-growing industries have found themselves constrained by outdated zoning regulations that limit the areas in which these uses could locate, do not provide for a suitable building layout, or both. While some owners sought zoning variances to get around these restrictions, many found the process to lack sufficient certainty to make investment in the City attractive.

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To address this, the City will eliminate many location restrictions and create a new framework, through the City Planning Commission, to provide added flexibility for new development in key growth sectors, such as:

- Life Sciences
- Film production
- Amusements and experiential businesses
- Urban agriculture (including legal cannabis cultivation)
- Micro-delivery businesses

The City is also proposing zoning changes to facilitate the State's plan to issue licenses for as many as three casinos in New York City.

Foster growth of light manufacturing and maker spaces

Maker spaces—retail businesses that include small-scale production of goods that are sold on-site, such as clothing and jewelry making, coffee roasters, or microbreweries—have seen significant growth in recent years connected to changing consumer retail habits. Although most people would not consider them to be “manufacturers,” current zoning regulations classify many of these spaces as manufacturing uses and limit them to the City's few manufacturing districts. Meanwhile, the need for more warehouses and delivery facilities has dramatically reduced the number of small “manufacturing” sites available.

Through *City of Yes: Zoning for Economic Opportunity*, the City is proposing to significantly increase the space available to these and other clean manufacturing uses throughout the City.

Eliminating barriers to expand businesses within their buildings

Many of the City's businesses are located within buildings that predate the current zoning framework. These buildings are often out of compliance with current zoning regulations in one way or another, (e.g., lacking sufficient parking or loading berths). While this usually does not stop a business from occupying existing commercial space, zoning regulations often make it impossible for these businesses to expand within their buildings. The City's proposal seeks to eliminate these barriers by changing regulations around parking, loading docks, and other antiquated zoning rules.

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The proposal would also expand the types of businesses that can be located in homes (for example, interior designers, advertising firms, and other low-impact businesses), and would allow corner convenience stores to open in certain residential districts.

Allowing commercial expansion in mixed-use buildings

Current regulations do not allow commercial uses to be located above the first floor of a mixed-use building, even in districts that allow significantly larger commercial buildings. The City is proposing to eliminate this restriction, which would provide opportunities for small offices and other commercial uses to occupy spaces other than retail frontages in local commercial corridors.

Eliminate barriers to re-opening vacant storefronts

Many of the city's storefronts are located in residential zoning districts where new storefronts are not allowed. Current zoning rules do not allow a business to open in those spaces if they have been vacant for more than two years. This proposal would allow new businesses to open in these vacant storefronts regardless of how long they've been vacant.

In certain commercial districts (such as Midtown Manhattan or Main Street, in Flushing) retail continuity regulations currently limit ground floor uses to retail and service businesses—excluding other businesses such as medical offices and dance studios. The City is seeking to alleviate storefront vacancies by allowing all permitted commercial uses to occupy these spaces.

Modernizing Zoning Rules

Through *City of Yes: Zoning for Economic Opportunity*, the City is seeking to modernize zoning provisions to eliminate restrictions that have outlived their usefulness, and to clarify some of the more arcane terms that often leave to confusion and delays. These changes include:

- Eliminating Prohibition-era restrictions on music, dancing, and comedy performances in the nightlife sector.
- Simplifying use group classifications and eliminating arbitrary distinctions between the types of uses allowed in local retail districts.

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Next Steps

While the full text of *City of Yes: Zoning for Economic Opportunity* won't be released until later this month, the proposal appears to be the biggest overhaul to New York City's commercial districts since the adoption of the current zoning framework in 1961.

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