



To: Mayor Dawn Zimmer, Hoboken, New Jersey
From: Ilana Preuss, Recast City
Re: Hoboken Maker Industries & Industrial Redevelopment Analysis
Date: July 3, 2015

The City of Hoboken, NJ requested that Recast City LLC conduct a set of interviews with local small-scale manufacturers to better understand the business sector and its needs. This memo is a summary of those interviews and site visits with businesses in Hoboken, and a list of next steps for the City to consider in its efforts to build a strong and diverse local economy.

The goals of the initiative include:

- Understand the core demand for small-scale production space in Hoboken from local and regional businesses.
- Identify opportunities for industrial mixed use in existing industrial zones and target rehabilitation projects.
- Recommend specific uses to include in revisions to the industrial zone to ensure it responds to modern manufacturing needs in Hoboken.

The site visits were conducted on May 7-8, 2015 as requested by Mayor Zimmer. Recast City, members of the City staff, and Mayor Zimmer met with a wide variety of local producers, from new small businesses to those established 50 years ago, representatives of the local tech community and real estate developers.

Recast City will return to Hoboken to provide an in-person presentation of these findings to the City Council, as requested by Mayor Zimmer.

The intent of the site visits is to provide Hoboken with a set of potential next steps to strengthen the local small-scale manufacturing businesses and expand their numbers. Local leaders will need to determine priorities for action that best support broader community goals.

Context in Hoboken

Small-scale manufacturing businesses are a strong growth sector across the nation. Over 300,000 manufacturing businesses in the United States employ over 11.7 million people. Over 220,000 of those businesses are small manufacturing - employing fewer than 20 employees. According to a recent report from the Pratt Center for Community Development, many of these small manufacturers are located in our major cities, with nearly 5,500 of them in New York City.



In fact, these numbers are only the beginning of our small manufacturing community. The business codes used for this kind of analysis do not include our local businesses that conduct retail and production in the same space, or designers who prototype their products onsite, or our engineering or film production firms. All key additions to our local small-scale manufacturing sector.

These businesses also provide a salary and job diversity that is absent from many cities. A recent report from a Brooklyn non-profit industrial developer found that the average annual salary of the 500 businesses base in its properties is nearly \$50,000 – significantly more than local service sector jobs. Additionally, about 40 percent of the business owners do not have college or advanced degrees.

Small-Scale Manufacturing Defined

Includes all types of small businesses producing tangible goods. This includes businesses producing goods in textile, hardware, wood, metal, 3D printing, and food. This also includes hardware prototyping, consumer product design and prototyping, film production, breweries and distilleries, and local food production and packaging.

Hoboken has great potential to harness the power of this growth sector and strengthen its existing small-scale manufacturing business sector. Some older manufacturing businesses still remain in the City from 50 years ago. New production businesses are launching from there as well – many within the past six years. New entrepreneurs may be attracted to the City to build upon the high-end design and applied technology sectors already in town. Stevens Institute of Technology is looking for ways to keep alumni in town and attract others back.

Small-scale manufacturing businesses are already easier for people to launch and become business owners through online sales opportunities. With some concrete steps, Hoboken can harness this sector and strengthen the long-term economic resiliency of the City.

Hoboken should act on this opportunity and reserve land for small-scale manufacturing for a number of reasons. Small-scale manufacturing businesses:

- Create more diversity of job types in the City;
- Pay salaries higher than service sector jobs, with high-end design and applied technology sectors likely even higher;
- Support a more resilient local economy that is not dependent on one sector for all its highs and lows;
- Fill a more resilient real estate sector with diversified uses; and,
- Provide more job opportunities for residents who do not have college or advanced degrees.



Small-scale manufacturing is present in cities and towns all over the country. Hoboken has a unique mix of businesses from north to south that span a diversity of products and business



size. Each type of small producer has different space and building needs, very different from a general office tenant. These businesses tend to have one employee per 500-1000 square feet. Flexible, low cost space will be key to retain this business sector in the City.

A few of the small-scale manufacturing businesses in Hoboken include:

- [Zoku](#) designs houseware products. The 12-person staff design products digitally, and produce prototypes of the new ideas in their small production space outfitted with a 3D printer and CNC router. The full-scale production occurs in China, and sales are through William-Sonoma. With 30 products already on the market, they want to stay and grow in Hoboken.



- [The Systems Group](#) builds out multi-media broadcasting spaces for major networks, sports channels, international corporations and mobile broadcasting trucks. With 50 employees, the company designs the broadcast space, builds all necessary media components, and creates custom wiring and technology onsite. They invested over \$300,000 to build out their work space and identify that one of their key competitive advantages is their proximity to NYC.

- [Studio Printworks](#) designs custom wall prints through an elaborate layering of screen-printing. A family business bought 60 years ago, the business currently works with high-end interior designers and art gallery market in NYC. The business employs 30 people and is looking to grow into a larger space (currently in 30,000 square feet).

- [Pan American Coffee Company](#) is a family-owned business established in Hoboken 50 years ago. The business employs 50 people and produces over 80,000 pounds of roasted coffee a day in 25,000 square feet of production space at the northern end of the City. Their quick movement of goods allows them to produce in a small footprint, but accommodation of trucks will be key to their survival long-term.



The City also has the asset of the [Stevens Institute of Technology](#) in town. This college is the home to four different national research centers that receive federal funding for innovations in fields such as marine and defense technologies, and it houses a lab for robotics and nanotechnology. Businesses may spin off from the innovations created on campus and could be future employment opportunities for Hoboken's residents.



Lastly, Hoboken is the base for the largest tech Meetup in New Jersey – a group with over 4,000 members that draws hundreds of people together each month to talk with local startup entrepreneurs. The [NJ Tech Meetup](#) also partners with [Mission 50](#), a Hoboken cowork space, to attract more technology startups to the City. These institutions and organizations may play a key role to support and cultivate technology-based small-scale manufacturing businesses in Hoboken.

Moving Forward

Hoboken should consider some key steps to engage the existing small-scale manufacturing community, attract other similar businesses to the City, and position itself to expand key industries within the production sector. The activities described below are based on the assets and challenges identified by local small-scale manufacturing businesses during the interviews. The ideas also build off of best practices used to expand startup communities and other types of small businesses in cities across the country.

1. Engage local small-scale manufacturers and designers and promote them across the region and nationally.

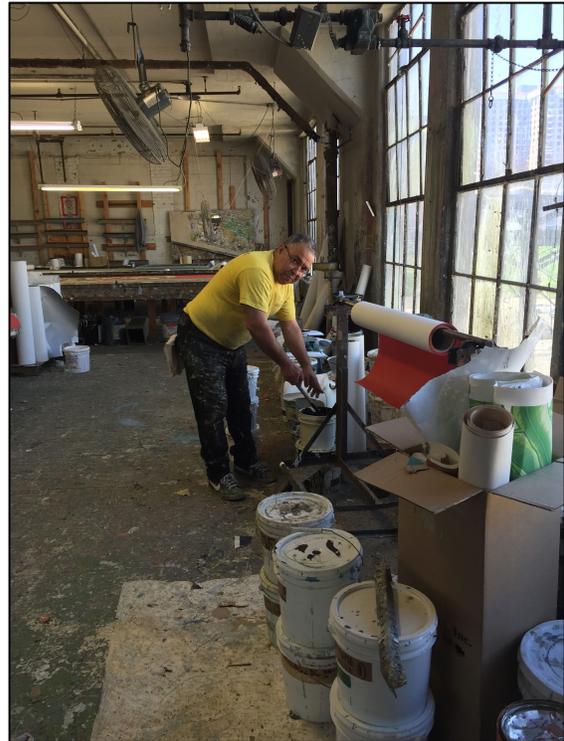
The small-scale manufacturers in Hoboken are little known within the City’s community but could be strengthened if their unique role in the Hoboken business community is highlighted. Promotion of this business sector will help other small-scale producers identify Hoboken as an attractive city in which to locate and will help local businesses attract the attention of retail and wholesale purchasers. The City should identify all the existing small-scale manufacturing businesses, including home-based production business and local food production industries. A few activities to consider include:

- Organize a tour for the City Council to visit a set of local small-scale manufacturers. Meet the people who work there and the business owners. Learn about why they want to stay in Hoboken. Consider how to incorporate these businesses into the planning process.
- Identify more local producers and bring them into the City discussions. Many of the businesses we met recommended 2-5 additional Hoboken-based producers who should be a part of the discussion. [Etsy](#) is also a great source to identify local producers – including part-time producers who might scale in the future. People interviewed mentioned Sims, the industrial pump producer, and the helmet technology startup, Fusar. Reach out to the food industry too, including businesses like [Lepore’s](#). Businesses that sell a packaged food



product are not part of the conversation yet, but could be a key growth sector. Include the community from [NJ Tech Meetup](#) and [Mission 50](#) and tap the hardware firms involved in their work.

- Convene the small-scale manufacturing and design business leaders for an advisory group for the Mayor and City Council. This could be one group, or a rotating membership so that everyone gets a seat at the table over the year. The intent of the advisory group would be to provide the Mayor and City Council with direct information about the needs of this business sector and immediate feedback about future activities. This advisory group can be a key conduit to:
 - Clarify what will happen in rehabilitation areas, specifically that small-scale manufacturing will be considered permitted uses.
 - Review zoning changes in rehabilitation areas to ensure that the uses allowed are specific to the types of industrial needs of each area. Some may be quieter, digital design-focused uses, and some businesses may require noisier allowable uses.
- Establish a Made in Hoboken brand and create a fair for Etsy and other handcraft producers. The fair could build on an existing event with the intent to promote locally made consumer products broadly to the region.
- Strengthen connections to jobs in the small-scale manufacturing business community. Conduct more outreach to build strong connections to job training, as well as connecting new businesses to mentoring opportunities with other established local businesses to learn business development skills. Identify business leaders from diverse backgrounds to help bring minority and women owned businesses into the conversation. A diverse group of business owners will make a stronger business community.



2. Preserve some land for noisier or larger footprint small-scale manufacturing uses in the North End.

Land use in the North End is already industrial and much of that will not change in the future, specifically the property used by the North Hudson Sewer Authority and PSEG. Properties facing these lots should also remain industrial in use. They provide a great opportunity to set aside this area for businesses that need freight truck access and/or may be noisier industries that are not good residential neighbors. Land use changes should occur mid-block (back sides of the buildings) so that the next street is a lighter industrial

use mix before getting to residential buildings farther south. Some activities to consider include:

- Establish an Industrial Main Street for the North End. A main street program generally works will property owners to keep a target set of blocks clean and safe, promote the neighborhood widely, create a coherent design to the development or the street signage, and help to recruit a mix of complimentary tenants to the buildings. This can be applied to a set of industrial properties – especially ones neighboring a mix of other uses. This area may also operate as a Business Improvement District. For more details about the Industrial Main Street concept, look at the article [here](#).
- Recruit a local microbrewery and/or a distillery to the transition area between the heavier industry parcels and the residential area. A microbrewery, like [902 Brewing Company](#) is looking for a location in Hoboken and would be a good neighbor with an onsite tasting room that would only be open until early evening.
- Maintain transitional, manufacturing supportive uses in the area between the heavier uses and the residential neighborhoods like the [Monroe Center](#) that offers space for artists, offices and community services. These may be smaller footprint spaces as the properties get closer to residential uses.
- Maintain freight truck access along 16th Street so that heavier trucks can still access the businesses in the North End. Select a different access route if needed (pending other development plans) to this area for freight trucks.
- Attract other larger footprint producers to the North End on the properties facing the sewer and power utilities. Consider 10,000-20,000 square foot ground footprint users interested in building a vertical, modern fabrication plant like the [Volkswagen factory](#) in Dresden, Germany. Attract larger spinoff robotics and metal workshops to this area from Stevens University alumni. Retaining some larger footprint options will be important for continued growth of existing local manufacturing businesses.



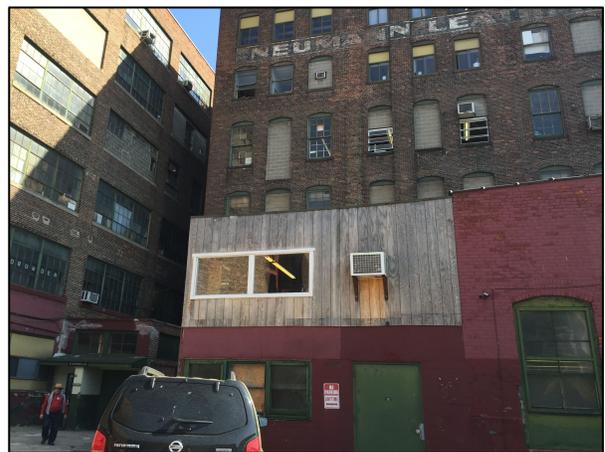
3. Retain and attract more businesses involved in the high-end design community as a key industry.

Hoboken is already home to a number of businesses that work with the high-end design community. This includes [Radii](#), a company that builds elaborate architecture models, custom furniture makers like [Thomas W. Newman](#), and unique screen-printed wallpaper from



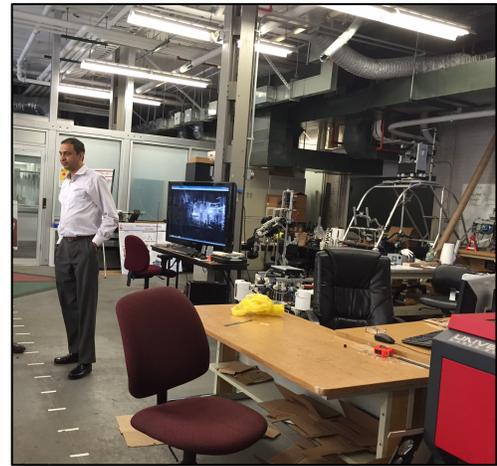
Studio Print works. These businesses all value the proximity to NYC and work with international architects, interior designers and art galleries. They all currently congregate in the southern end of Hoboken in the Neuman Leather and Chambord buildings. A number of activities to consider include:

- Identify more members of the design community of producers in Hoboken. Work with the existing producers to bring other business owners into the conversation. This may include producers of jewelry, furniture, textiles, and custom lighting.
- Create a Hoboken brand or identity that will attract a wider audience of interior designers and architects to see what is made locally. Work with the existing producers to determine the best way to design this brand.
- Promote Hoboken to other high-end producers in the region by highlighting existing local design producers as a key business sector in Hoboken. Advertise the benefit of large production space in proximity to NYC.
- Consider partnering with the property owners to position the Neumann Leather and Chambord buildings as “design central.” This may also take place in part of the NJ Transit property development, but may be easier to retain in existing buildings versus new construction. Work with the property owners to promote the neighborhood to interior designers so they will know to come to one place to procure a diverse set of high-end goods.
- Partner with the local businesses to create a showcase event of high-end goods produced in this neighborhood and invite the NYC interior designers and art galleries to the tour.
- Build on the NJ Transit property across from this set of buildings in a way that supports design and fabrication businesses. Consider micro-retail spaces for the retail frontage along Observer Highway that will allow onsite production within the retail space. These spaces can be 400-500 square feet where small producers can create their products and sell items within one small space. This will also be dependent on changing Observer Highway into a safe and welcoming pedestrian area with wider sidewalks protected from traffic.



4. Champion inventors and applied technology businesses that grow out of Stevens Institute of Technology. Create a home for them in Hoboken to diversify the City’s job base.

Hoboken has an amazing opportunity to be a center for applied technology, nanotechnology inventions, robotics and materials innovation due to the work at the Stevens Institute of Technology prototyping lab and its engineering program. The lab provides students with the tools to invent new robotics, test out materials using nanotechnology, and work on innovations for the Department of Defense. These students graduate and look for mentors and lab space to continue their work – neither of which they can find in Hoboken today. Additionally, the professors create products that could be spinoff companies but do not currently connect with business development experts. Hoboken should create a space and an environment to retain these startup businesses in the City and broaden the local job base. Some activities to pursue include:



- Partner with Stevens Institute of Technology, or its alumni, to create a production space for spinoff businesses and startups to stay in town. Stevens is already partnering with Mission 50 on a space for an incubator, but it is not clear what the project includes beyond office space. The City should meet with the Institute to understand if this space will fulfill the need for a local accelerator (that brings startups together with mentors and investment in a short-term business development program) for Hoboken hardware startups, or if a separate production space and/or hardware accelerator is needed.
- Consider a partnership with a developer to establish a raw production space. This would not be a makerspace open to the public, but a space for a set of small startup businesses to share tools within a specific industry. For instance, the space could be geared towards a set of startups working in robotics that share a metal shop and electronics tools, but needs to be based on a clear understanding of the demand from the target audience. This may be done in partnership with Stevens Institute alumni or through discussions with existing engineering and hardware producers in town.
- Maintain some larger footprint manufacturing space for businesses like The Systems Group that is a very successful applied technology company. They want to stay, have international reach, and could be a great





mentor to others in the field. Large spaces will become more difficult to retain as additional development comes to the NJ Transit property and to the North End.

- Consider extending gigabit broadband access beyond Washington Street and up to the North End for larger applied technology business recruitment. Access to high speed broadband in an area designated for hi-tech manufacturing may help Hoboken attract larger businesses.

Next Steps

Hoboken can be home to a strong small-scale manufacturing sector centered on design and advanced technology. The City has an exciting opportunity to leverage some great assets – strong neighborhoods, entrepreneurs from Stevens Institute, high-end design businesses, and a spirit of residents who want to see Hoboken thrive. The City’s commitment to affordable housing and stronger job opportunities for all its residents will further support its strong growth in the future. These assets will help the City diversify its economic base, create more types of job opportunities, support existing local businesses, and incorporate these assets into current planning processes. Critical actions from the ideas above will be key to achieve these outcomes and continue to build a city that is accessible to all.

