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**Comments of Good Jobs New York,
Bettina Damiani, Project Director
November 4, 2010
New York City Capital Resource Corporation**

***RE: \$15 million Recovery Zone Facility Bond
Proposal for WyhteHotel LLC***

Good morning. My name is Bettina Damiani, Director of Good Jobs New York, a joint project of the Fiscal Policy Institute with offices in Albany and New York City and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies.

We have serious reservations regarding the CRC's proposal to use Recovery Zone Facility Bonds for a boutique hotel in the Williamsburg section of Brooklyn. First, the proposal is in an industrial zone and second, the benefits to residents and businesses in the neighborhood are not quantified.

Industrial Zone – While it's true that the building the former home to a textile manufacturer may not be at its full potential, this part of Brooklyn is one of the few areas in the city zoned – by this administration – to be set aside for industrial use. Using public financing to encourage hotel development may put pressure on the existing manufacturers in the area.

Since CRC is housed in the same offices and shares staff with the Economic Development Corporation, it's odd that one part of the agency is trying to boost manufacturing as noted in on the agency's website (cited below), but potentially undercuts it by promoting projects that could negatively impact that sector.

A recent survey of approximately 500 industrial and manufacturing firms in New York City showed that the unparalleled concentration of residents, businesses, economic activity, and wealth located here creates a tremendous end market for the goods and services produced by the industrial sector.

Employers often praise the City's highly-skilled labor pool and depth of talent as key to their success in operating a business in New York City.¹

Even more baffling, manufacturers in the area are eligible for various tax breaks so for the city to play both sides of the subsidy game is wasteful and possibly a zero-sum game for job creation.

Recovery Act Standards – One of the principles forwarded by the Industrial Development Agency when it created Recovery Zones was to ensure projects benefit a neighborhood. To help bring this to a reality, the CRC (and the IDA in future projects) should codify how a public investment, with the allocation of Recovery Zone Facility Bonds or other forms of tax-exempt financing, benefits residents directly.

We are grateful for the CRC's keen review of WytheHotel LLC's job expectations (33 FTE not 195 as reported by the applicant). However, there's no guarantee those jobs are to be filled by Brooklyn or New York City residents which leaves the benefit of this project to long time residents and businesses in question.

Aside from local hiring, another way to guarantee this project would benefit the community is for the developer to commit to buy products locally. Unfortunately, the section of the application that would inform us of the developer's intention in this area is not answered (page 6, question 3 of the core application). We question the CRC's due diligence of the application if a question that has a wide-ranging economic impact like a local multiplier effect isn't answered.

We urge the EDC to use this project, should it be approved, to build a bridge between two important industries. For example, what materials do manufacturers in the area produce, or could produce, for this and other hotel developers? Unless this question can be answered, we urge the board to vote no on this proposal.

¹ Copy of this text and other relevant work on the manufacturing industry in New York City is available at: <http://www.nycedc.com/SupportingYourBusiness/Industries/ManufacturingDistribution/Pages/ManufacturingDistribution.aspx>