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## **Testimony before the New York City Council Committee on Economic Development**

### **Proposed Int. No. 438-A - In relation to community impact reports for city-subsidized economic development projects.**

**May 1, 2013**

**Comments of Bettina Damiani, Good Jobs New York**

Good morning and thank you for the invitation to testify today. My name is Bettina Damiani and I direct Good Jobs New York, a project of Good Jobs First based in Washington, DC in partnership with the Fiscal Policy Institute with offices in Albany and New York City.

Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies. Since our launch in 2000, we have worked to improve public participation in and transparency of these subsidy programs including the release – and vast expansion this year - of a searchable database of over 40,000 deals approved by the Industrial Development Agency (IDA), the Lower Manhattan Development Corporation and the Industrial and Commercial Incentive Program. Our Database of Deals is available on our website, [www.goodjobsny.org](http://www.goodjobsny.org).

As a subsidy watchdog and provider of technical assistance to community based organizations, GJNY has had a unique view of development in our city during the near dozen years of the Bloomberg Administration. There have been tremendous strides in transparency, especially at the New York City Industrial Development Agency thanks to the council's passage of Local Law 62 and administrative actions taken by the agency that have expanded its public hearing process.

Yet, there still remains a colossal gap in how officials engage communities in deciding which projects are worthy of subsidies and the impacts – negative or positive - they will have on neighborhoods. This legislation is a step in the right direction to help fill that gap.

Your proposal is especially timely as our city is faced with the daunting task of rebuilding neighborhoods impacted by Hurricane Sandy while at the same time, making the rest of our city resilient as possible against future storms. The city recently submitted its plan to the U.S. Department of Housing and Urban Development for the first round of Community Development Block Grants (CDBG) as part of the Disaster Relief Act. And while we acknowledge that officials wanted to ensure funds got to the city as quickly as possible, the minimal two week written comment period and unaccountable community engagement should not be the template for deciding how public funds are spent. Future proposals for the allocation of Sandy related funds must include ample opportunities for public engagement, especially from those most impacted by the storm.

On a related note, considering the emphasis on global warming and other environmental factors affecting many of the city's neighborhoods, I suggest the council consider impacts of subsidized projects on the environment as well as employment, businesses and housing (under section 2.b).

As proof Community Impact Reports (CIRs) are necessary, one only need to look to The Bronx where billions of economic development dollars have been allocated in recent years. One prominent example there is Yankee Stadium which moved across the street to its current location in 2009. There were public meetings but, frankly, officials were already on board and there were no opportunities for the community to change the course of the Yankees' plan. The city and state had alienated the parkland the Yankees wanted via a "message of necessity" ensuring the deal would move forward as the team had envisioned.<sup>1</sup> It is evident that the required hearings, including those for land use changes and subsidies were a useless tool for residents as the deal was fait accompli.

Not surprisingly, with no community buy-in there are no standards to uphold at the project in the form of benefits to the residents or businesses community or the creation of good paying, permanent jobs. The new Yankee Stadium has, notwithstanding the construction jobs, barely 5% full-time permanent jobs.<sup>2</sup> The bonds allocated by the Industrial Development Agency for the already heavily subsidized Stadium parking garages built on city park land (that planning and transportation groups protested<sup>3</sup>) are now in default.<sup>4</sup>

But we don't need to revert back to the Yankee Stadium project. Another unaccountable corporate giveaway has been recently proposed and would benefit tremendously from this proposal.

Last year, city, state and Bronx borough officials announced via a press release that the online grocer, FreshDirect would move from Long Island City, Queens to Harlem River Yards in The Bronx and receive a \$128 million subsidy package. The February 7, 2012 release came two days before the Industrial Development Agency's public hearing on the deal and failed to mention that public hearing or any subsequent ones necessary for the projects approval.<sup>5</sup> As documented by South Bronx Unite, community members, including members of Bronx Community Board 1, were not informed of the FreshDirect proposal.

The community has fought back, and represented by the New York Lawyers for the Public Interest, is suing to stop the project. Legislation like Community Impact Reports would serve as an early warning sign for proposals like FreshDirect that fail to address the employment, housing or environmental justice needs of the community. Fresh Direct's business model relies on thousands of truck trips, making the proposed location in the South Bronx, an area already overburdened with traffic and air pollution exacerbating some of the highest asthma rates in the city. Additionally, like many retailers, its wages are low.<sup>6</sup>

The Bronx is home to two examples, but there are numerous others: Brooklyn Atlantic Yards, Albee Square (aka City Point), Manhattan's Far West Side, Willets Point and Citifield to name a few.

In contrast to current procedures, CIRs should become a proactive tool to help facilitate development by using democratic planning principles to guarantee the voices of numerous stakeholders are at the decision-making table rather than in a court room.

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<sup>1</sup> More details on the Yankee deal is on our website: [goodjobsny.org](http://goodjobsny.org) and in our report, "Insider Baseball: How Current and Former Public Officials Pitched a Community Shutout for the New York Yankees".

<sup>2</sup> Jobs data per Local Law 62, FY13: Jobs total 4,372, Full time permanent jobs 208.

<sup>3</sup> [http://www.tstc.org/press/2006/032206\\_Sign-on\\_Letter\\_to\\_Speaker\\_Quinn-Yankee\\_Stadium.html](http://www.tstc.org/press/2006/032206_Sign-on_Letter_to_Speaker_Quinn-Yankee_Stadium.html)

<sup>4</sup> <http://www.nydailynews.com/new-york/yankee-stadium-garage-company-strikes-opening-day-article-1.1305278> and <http://goodjobsny.org/economic-development/yankee-stadium-and-mets-citifield#parking>

<sup>5</sup> <http://www.nycedc.com/press-release/mayor-bloomberg-governor-cuomo-and-borough-president-diaz-announce-fresh-direct-open>

<sup>6</sup> 36% of Fresh Direct workers earn less than \$25,000 a year, 37% earn between \$25,001 and \$40,000. More wage and employment data in Local Law 62 FY13 report.