

**Comments of Bettina Damiani, Good Jobs New York
Before the New York City Capital Resource Corporation
September 10, 2009**

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**Regarding proposed subsidies Albee Development LLC**

Good morning, my name is Bettina Damiani, Director for Good Jobs New York, a joint project of the Fiscal Policy Institute and Good Jobs First. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies.

Our testimony today builds upon fairness and equity concerns we presented to the New York City Industrial Development Agency in 2007 when it proposed and the board approved subsidies for this project. A [copy](#) of that testimony is attached. We recently learned that those subsidies were never allocated.

Before the Capital Resource Corporation board considers allocating Recovery Zone bonds (authorized by the American Recovery and Reinvestment Act of 2009), the agency should determine that a project will have a positive impact on residents and businesses within the Recovery Zone boundaries. We commend the Industrial Development Agency for its June adoption of a more equitable project selection criteria but we are not convinced these new standards will be implemented with the Albee Development proposal.

Regarding the merits of the proposal we have several concerns.

**Recovery Zones:** When the IDA released its criteria this summer for choosing Recovery Zone projects it stated projects should “contribute to the economy of the neighborhood in which the facility is to be located.” In the cost-benefit analysis, the developer, Albee Development LLC, “envisions that the vast majority of employees will be from Downtown Brooklyn and surrounding neighborhoods.” This is encouraging but unless the agency imposes basic standards on this proposal, there is no guarantee residents will have access to these jobs. There must be a solid commitment from CRC and Albee Development on this point if the claim is to have any real meaning.

We question how this project will economically “diversify the neighborhood in which the facility is to be located” considering this proposal creates retail space where there was retail space until two years ago when the city facilitated the displacement of stores in the area. The shops in the former Albee Square Mall served Brooklyn’s black community for decades and arguably contributed more to the local economy than large chain retailers, which are displacing small businesses at an alarming rate. To the extent that the new Albee Development replicates retail options—for instance, at nearby Atlantic Center Mall and other areas of the city—at the expense of small, immigrant and minority-owned businesses that still cater to low- to moderate-income Brooklynites, the area will become less, not more diverse.

**Project Application:** The CRC can't ignore the benefits of the businesses that were in this location prior to their displacement two years ago. While the CRC estimates that the project will generate \$6 million in city taxes over 30 years, how does that compare with the revenue Albee Square Mall generated?

The CRC estimates there will be 68 new permanent jobs while the developer estimates about 100 jobs. As this is a speculative development it would be helpful to understand how these job figures were determined. The cost/benefit analysis should include how many jobs were eliminated from the area when the Albee Square Mall was demolished. Also, should national retailers move into the location – as the developer hopes – the area could witness a decrease in jobs as is normally experienced with big box development. We agree that subsidized projects should “increase employment in the city” as stated by Recovery Zone criteria but the application and analysis by the CRC must take into account the jobs recently removed at the hand of the city to create a true picture of the employment situation.

Job quality is also an issue. The developer stated there will be “an exciting mix of first class local and national retailers,” but without information on exactly *which* retailers the public has no assurance that the new jobs will be better than what was there before. This board should be concerned that the new jobs could have a negative impact especially if the new tenants are big-box retailers which pay notoriously low wages and have a negative multiplier effect by taking away customers from smaller, locally owned shops and not utilizing local services like accountants and attorneys. The application lists average wages at the project at to be \$13 per hour, how was this figure calculated and does it reflect the type of retail jobs that are expected to be created at the Albee Development?

Also, it would be beneficial for the public to know details of the lease agreement between the developer and the city. If the developer is paying less than market-rate then this could be an additional subsidy.

**Community Benefits:** Should this project be approved we urge the agency to attach conditions ensuring residents and long-time businesses benefit. For example: What if space in the new facility is offered at affordable rates to businesses that were displaced for this project? What are the types of services residents need? The old Albee Square Mall had at least 30 businesses before the city facilitated their displacement. Many of these businesses had been in Downtown Brooklyn for decades, and contributed to the city's tax base during an era of disinvestment. Those business owners deserve a chance to participate in our country's recovery and reinvestment.

**Transparency:** We are concerned this project is proposed under the Capital Resource Corporation not the IDA which has greatly improved its transparency, public hearing process and accountability measures over the past several years. We would like assurances that all transparency and accountability measures – including those approved by an omnibus resolution by the IDA board in September 2006 – will be applicable to CRC projects.

Finally, as we mentioned at the IDA hearing on proposed changes to the Uniform Tax Exemption Policy to incorporate Recovery Zone bonds, we would like to see the outcomes of projects financed with ARRA related bonds to be included in the NYC Stimulus Tracker. This will provide New Yorkers with information much sooner than the year-plus wait now associated with Local Law 48.

Thank you for the opportunity to present our testimony to you.