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Public Scoping Meeting
Re: Supplemental Environmental Impact Statement
at Willets Point Development

September 27, 2012
Comments of Bettina Damiani

Good afternoon and thank you for the opportunity 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 last year – and vast expansion this year - of a searchable database of deals approved by the Industrial Development Agency (IDA). Our Database of Deals is available on our website, www.goodjobsny.org.

It is with these experiences GJNY will raise three concerns about the proposed Willets Point development.

Come Clean about Subsidies and Benefits

Taxpayers and officials cannot determine if the various plans proposed for the Willets Point area are beneficial to the public unless there is an honest, public accounting of the taxpayer investments spent to date and expected to be allocated. This includes direct and as-of-right subsidies and use of city-owned land. The notice for this hearing states a range of public benefits necessary for this project, such as costly environmental remediation and numerous infrastructure costs. The hearing notice also mentions the possibility of public financing via the Industrial Development Agency.

As watchdogs to the IDA we are greatly concerned with the language of this point in particular. The IDA must have a separate hearing for subsidies; they cannot be approved by the Deputy Mayor's office. We urge the city to ensure if/when a hearing takes place for additional subsidies for Willets Point, that it conducts broad community outreach. Furthermore, when tax subsidies are proposed through the IDA, the total costs associated with this project such as environmental clean-up, infrastructure, compensation to businesses displaced (and associated re-training programs) and as-of-right subsidies must also be made public in future analyses.

If this administration is serious about community engagement and transparency this subsidy information would be made available even before any proposed IDA benefits on a website associated with the development and regularly updated.

This is important since economic development officials often downplay the true value of subsidies proposed and allocated for a large-scale development project of this nature by excluding as-of-right programs from the analyses. However, these are indeed subsidies and development projects that benefit from them impact our city's fiscal health. There seems to be at least a public investment of half a billion dollars in the Willets Point development. This is a tremendous investment and is especially troubling since taxpayers already spent \$800 million to build CitiField in the same location.

Were Subsidies to Citifield Ineffective?

It should cause great concern to city officials and taxpayers that the over \$800 million in subsidies in a new stadium for the Mets did not spur the kind of private economic activity that has been proposed for Willets Point. In fact, Citifield didn't create a windfall of good jobs either: only 9% are full-time permanent¹ jobs, a far cry from the hyped "2,209 full time equivalent employees" promised.²

Indeed, a March 14, 2006 press release from the City's Industrial Development Agency touting the benefits from investing in baseball stadiums stated:

"The projects, which bring more than \$1.5 billion in private investment to the South Bronx and Flushing Queens..."

If taxpayer support of Citifield failed to promote the multiplier effect of economic development in the immediate area of Willets Point, the city should re-evaluate the strategy by which this and other similar projects are happening throughout the city.

It is unclear from the public materials that transferring the use of the parking lots to retail will generate significant income for the Parks Department. As a policy the city should stop giving away park land to developers without a guaranteed public benefit. The transfer of park land without generating income doesn't help the bottom line of Department of Parks and Recreation and in the long run could make it difficult for the Parks Department to maintain our city's parks. As evident in a recent article, trying to balance the Park's department budget on the backs of New Yorkers by raising fees is not a remedy as the agency generated less revenue after it raised park fees.³

Then there are housing subsidies. The promise of housing has become the gateway media hype to pushing mega development in this administration. However, prioritizing the demands of commercial development over the city's housing needs has failed communities such as those in Brooklyn near City Point and Brooklyn Atlantic Yards projects. It seems Willets Point is

¹ Local Law 62 report, aka, "Annual Investment Report" by the New York City Economic Development Corporation FY2012

² NYCIDA PROJECT COST/BENEFIT ANALYSIS January 15, 2009 available at: <http://www.goodjobsny.org/economic-development/yankee-stadium-and-mets-citifield#Mets%20Citifield>

³ Boost in parks fees spurs wreck-reaction, September 26, 2012, David Seifman, *New York Post*

destined for the same path unless affordable housing is moved to the top of the to-do list and not until 2025 as is currently proposed⁴.

Troubling Development Trends Emerging

From a public policy standpoint, it is troublesome the amount of financial resources - and political capital - this administration has used to promote this plan without securing good paying jobs for New Yorkers that needs them.

Officials should refer to the Bronx: Gateway Mall and Yankee Stadium where combined over a billion dollars in various subsidies were allocated.⁵ Former small businesses at the Bronx Terminal Market were forced out by the city to make way for large scale retail. While it has been reported that many jobs at the mall have gone to Bronx residents, the quality of those jobs leave much to be desired despite the goal of bringing “thousand of quality, permanent jobs to local residents.”⁶

In a report GJNY co-authored in early 2011 we found Bronx Gateway mall (which shares the same developer as Willets Point, Related Companies) had about 1,300 employees and that their average starting wage for non-managerial jobs was \$8.80. And Yankee Stadium— across the street from Gateway Mall - had about 3,400 jobs with only 5% being full-time permanent jobs⁷ and that the average starting wage for non-managerial workers there was \$9.19.⁸

A similar story is being played out in Downtown Brooklyn with the displacement of Albee Square Mall to make way for the City Point development. Small retailers were displaced for the promise of housing and retail that better reflects the changing demographics of the area. So far, neither retail nor housing has been built and what, if any, follow-up has the city done with those displaced business to ensure the livelihoods of the owners and workers?

Who is Accountable for Job Promises?

There have been public conversations about the quality of jobs that would be created at Willets Point. Officials claim this development will create approximately permanent 7,000 jobs by 2023. Should this project proceed, there will be good construction jobs. But efforts need to ensure all permanent jobs at such a heavily subsidized project have good quality permanent jobs.

Numerous statements by various officials, especially in June of 2008, implied that an agreement or agreements would guarantee a certain level of job standards for the construction and

⁴ “Shameful steal of a deal for Mets”, June 15, 2012, Juan Gonzalez, *New York Daily News*

⁵ For Yankee Stadium subsidies see: <http://goodjobsny.org/economic-development/yankee-stadium-and-mets-citifield#subsidies> For Gateway Mall see footnote 12 in “An Overview of Job Quality and Discretionary Economic Development Subsidies in New York City”, February 2011, <http://goodjobsny.org/resources-tools/report-overview-job-quality-and-discretionary-economic-development-subsidies-new-yor>

⁶ Mayor Bloomberg, City Council Speaker Quinn, Borough President Carrion and the Related Companies Break Ground on Gateway Center at Bronx Terminal Market, August 14, 2006, <http://www.nycedc.com/press-release/mayor-bloomberg-city-council-speaker-quinn-borough-president-carrion-and-related>

⁷ Local Law 62 report, aka, “Annual Investment Report” by the New York City Economic Development Corporation FY2012

⁸ “An Overview of Job Quality and Discretionary Economic Development Subsidies in New York City”, February 2011, <http://goodjobsny.org/resources-tools/report-overview-job-quality-and-discretionary-economic-development-subsidies-new-yor>

permanent jobs at Willets Point. However, the status of those agreements seems unclear and to avoid confusion should be made public. Unless those details are made public who will hold those developers and businesses accountable?

New Yorkers need to ask themselves: Is this mega development model benefiting those New Yorkers that need housing and jobs most? Public investments made under the promise of job creation must focus on creating good jobs for those who need them. By subsidizing developers that cater to industries that are seasonal, hire predominantly part-time workers and don't pay decent wages, this administration is ensuring a permanent class of working poor in the city.