

Testimony of Bettina Damiani
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July 23, 2009 before the New York City Industrial Development Agency

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*Regarding the proposed amendment to UTEP authorizing the issuance of bonds
associated with the American Recovery and Reinvestment Act*

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.

Thank you for the opportunity to testify on the Industrial Development Agency's (IDA) proposal to amend its Uniform Tax Exemption Policy (UTEF).

Like cities and states around the country, the IDA is working under a tight timeline to allocate bonds authorized under the American Recovery and Reinvestment Act (ARRA) signed by President Obama earlier this year: Recovery Zone Facility Bonds (RZFBs) and Qualified Energy Conservation Bonds (QECBs). Nevertheless, we urge the IDA to consider revisions in its transparency and project selection criteria to help guarantee the bonds serve New York City residents and businesses most in need.

Transparency and Citizen Engagement

We are appreciative of IDA staff for informing us of this proposal to amend UTEF and being responsive our inquiries.

It is our understanding that applications for these bonds - like all applicants for IDA assistance - will be subject to public hearings. Yet, the city's and state's history allocating of Liberty Bonds is far from an example replicated of how to use federal funds in a time of crisisⁱ. We implore the IDA and its board to see these new resources as an opportunity to undo some of the damage Liberty Bonds invoked on the psyche of small businesses and New Yorkers that don't have the political capital or educational background often necessary to access this type of financing.

A first step towards re-building the public trust is to immediately disclose, on the IDA's website, a description of those projects that have applied for the ARRA bond program. Of particular importance are those "short-list" firms that IDA staff have met or planned to meet this week in accordance with its timeline.ⁱⁱ This will provide the public a unique chance to participate in the IDA's decision making process in addition to its monthly public hearings when frankly, it is often too late in IDA's procedure to seriously take into consideration community concerns.

The IDA should consider releasing a description of new applicants for ARRA bonds on a regular basis. Since GJNY does not know how many or how frequently the IDA receives inquiries it's not possible to request an exact timeframe but suggests something along the lines of weekly or bi-weekly.

The economic stimulus package is an extraordinary opportunity to improve the IDA's accountability. We urge the IDA to work with the Mayor's Office of Management and Budget to incorporate IDA projects financed with ARRA bonds into the impressive NYC Stimulus Tracker. Without this integration New Yorkers will have to wait at least a year to see details of how a project is progressing as reported in Local Law 48.

Creating New, Good Jobs

In an effort to truly diversify our economy we hope the IDA will foster the development and expansion of small, locally owned businesses rather than cater to the dominant financial, real estate and insurance industry.

The selection criteria outlined in the UTEP amendment includes laudable points that we whole heartedly agree with – projects should be environmentally sustainable, contribute to the city's quality of life and increase employment in the city, for example. We are encouraged that the IDA will consider the quality, not just the number of jobs, to be created but believe a clearer definition of what a "high" quality job is, (i.e. wage ranges, type of benefits) will benefit future employees and applicants alike. Job standards will certainly be one of the criteria we will consider when proposed projects come up for public hearings.

We are greatly concerned with the "diversify" language in section VI "Selection Criteria" (specifically 3b) that states: "Diversify the neighborhood in which the facility is to be located". This could be open to interpretation to push gentrification of neighborhoods. Economic stimulus projects should help to diversify jobs and improve the quality of life in a neighborhood *for residents of that neighborhood*. Otherwise, as is evident in decades' worth of "economic development" projects, the use of these resources may benefit a small pool of people at the expense of the majority of its residents.

The "Threshold Requirements" for the Recovery Zone Benefit Bonds (RZFP) stated in the proposed UTEP amendment are primarily for projects looking for financing between \$20 million to \$100 million. We are pleased that the IDA does not discount (number 4) projects that seek below \$20 million and encourage the IDA to engage small businesses groups and local elected officials to ensure these businesses have the opportunity and technical assistance to apply for the ARRA bond program.

Finally, the *proposed* amendment to UTEP has "As approved on July 28, 2009" on the cover page. Stating this so emphatically is akin to saying that public comments provided today will not be considered and greatly undermines this hearing.

Thank you for the consideration of our testimony and we look forward to working with you to make the use of federal stimulus resources transparent, accountable and equitable.

ⁱ After the attacks of September 11, 2001 Congress approved \$8 billion of tax-exempt Liberty Bonds for New York City that built luxury housing and financed commercial office space.

ⁱⁱ “Allocation and timeline” as described on page 8 of the Power Point presentation before the IDA board at its June 2009 meeting.