

Bettina Damiani
Director, Good Jobs New York
Testimony before the New York City Industrial Development Agency
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Re: Proposed subsidies for CV Harlem and Major League Baseball at 1800 Park Avenue

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.

Our website, (www.goodjobsny.org) contains a database of the city's large corporate "retention" deals and we have released numerous reports on the city's use of economic development incentives to create and/or retain jobs including our most recent efforts around the new Yankee Stadium project.

GJNY is confused by the proposal to provide tax breaks for a project that is in the midst of a rezoning. Rezoning *not subsidies* is the tool that dictates the types of business that takes place in a neighborhood.

The IDA board should ask serious questions prior to voting on this project. Among them: How does this commercial development fit into the rezoning proposal? What are the opinions of current residents and businesses in the community? What impact will this

development have on current businesses? Absent of understanding these issues the IDA will subsidize a project in a vacuum.

GJNY has two concerns with IDA's claim that this development wouldn't happen "but for" the subsidies:

The cost/benefit analysis for Vornado clearly states an alternative plan that would include a department store and condominiums. It should be made clear why the city is subsidizing one type of development when the developer clearly had a plan for another. The explanation might be reasonable, but absent one the public won't know.

Secondly, it's not fair to assume the city needs to use tax breaks to lure MLB Enterprises considering the site has access to transportation facilities such as the subway and Metro North and easy access other business and residential locations and Yankee Stadium and Citi Field.

GJNY doesn't question the importance of the high paying jobs that are expected to come with the MLB project nor the importance of these jobs to the city's economy.¹ But one would expect the city to leverage these tax breaks to ensure job opportunities, internships and apprenticeship programs for New Yorkers who otherwise aren't eligible for these jobs.

Another area of concern is the IDA's failure to contact local elected officials and community boards with information on proposed projects. For example, how do IDA proposals complement or possibly compete with the city's efforts to assist low-income and unemployed New Yorkers via numerous city lead initiatives at the Department of Small Businesses or Commission on Economic Opportunity?

New IDA policies raise concerns

Profit sharing

For the first time we are aware of the IDA is proposing a profit sharing mechanism as part of the CV Harlem Park project. As stated in the project's cost/benefit analysis it appears the funds wouldn't return to the city or state coffers:

“...in the event that the market conditions turn positive and provide a reasonable return to the Applicant, the Applicant has agreed to provide a participation in the cash flows of the property to the Agency.”

The revenue sharing proposal sets a dangerous precedent by this agency and its board by moving tax revenues to an entity that has limited legislative oversight. We urge the board proceed with abundant caution and transparency, including reaching out to city and state representatives prior to reaching a final agreement. All details of the plan should be made public and put on the agency’s website.

Agency Financing Fee

In recent months, some of the agency’s cost/benefit analyses list the agency’s financing fee. This is a welcome addition as it has been unclear what the IDA’s fees are. However, the fee is not on all of the cost/benefit analyses and it is listed as a benefit to the city. This is not accurate; the agency financing fee goes to the IDA not the city and should not be claimed as such.

Thank you for the opportunity to speak today.

¹ The cost/benefit analysis for MLB Enterprises lists an average quarterly wage of \$25,000.