

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT

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B E F O R E:  
KAREN KOSLOWITZ  
Chairperson

COUNCIL MEMBERS:  
Council Member Julissa Ferreras  
Council Member Letitia James  
Council Member Brad S. Lander  
Council Member Stephen T. Levin  
Council Member Albert Vann  
Council Member Mark S. Weprin  
Council Member Ruben Wills

## A P P E A R A N C E S (CONTINUED)

David Erinberg  
Executive Vice President  
New York City Economic Development Corporation

Theodore Oberman  
Director of Exemptions and Abatement  
Department of Finance

Maria Sarrios  
Commissioner  
Small Business Services

Bettina Damiani  
Director  
Good Jobs New York

CHAIRPERSON KOSLOWITZ: [off mic]

Call the meeting of Economic Development to order.

Good morning. I'm Council Woman Karen Koslowitz,

Chair of the New York City's Council's Economic

Development Committee. In September 2008 the

Committee passed Intro 822-A, later enacted as

local law 47 of 2008. Which, as authorized by

State law, permitted the City to replace the

industrial and commercial incentive program known

as ICIP, with the Industrial and Commercial

Abasement Program, known as ICAP. The tax

incentive program is an as of right program that

seeks to stimulate economic development by

providing the owners of industrial and commercial

buildings, property tax abatements to build new

buildings or modernize, rehabilitate or expand

existing buildings. ICAP replaced ICIP of which

the administration and the independent budget

officer, IBO, described as two expensive, poorly

designed and wasteful. In fact, ICAP was expected

to generate significant industrial and commercial

development at a lower cost to the City than ever

under the now expired ICIP. However, ICAP is

still quite expensive and the former ICIP

1  
2 continues to deliver hundreds of millions of  
3 dollars in benefits on projects that may last  
4 beyond the next decade. Today's hearing seeks  
5 testimony regarding the performance of ICAP to  
6 stimulate development throughout various parts of  
7 the City, whether the jobs and economic output of  
8 projects justify forgone tax revenue and whether  
9 the Council should provide recommendations for  
10 State legislative changes to the program to  
11 improve the programs benefit to the City. Thank  
12 you to all that have come to participate. I will  
13 now call on the Department of Finance and the  
14 Economic Development Corporation to testify. [off  
15 mic] David Erinberg [phonetic] and Theodore  
16 Oberman [phonetic]. [off mic]

17 MR. DAVID ERINBERG: Good morning,  
18 Chair Koslowitz and Members of the Committee. My  
19 name is David Erinberg. I'm an Executive Vice  
20 President at the New York City Economic  
21 Development Corporation. I am co head of the Real  
22 Estate Transaction Services Division at EDC.  
23 Thank you for the opportunity to speak today about  
24 ICIP and the reformed ICAP program. Before I get  
25 started just please note that while EDC was

1  
2 involved in the analysis of ICIP that led to the  
3 reform of ICAP we are not the program  
4 administrator. I was personally involved in the  
5 analysis along with the number of my colleagues  
6 that led to the reform. But we don't have a day  
7 to day role in the actual programs. As the  
8 Committee knows well, ICAP we preceded by ICIP  
9 which was established in the 1980's to grant short  
10 and medium term reductions in real estate taxes  
11 for investments in new construction, modernization  
12 and rehabilitation of industrial and commercial  
13 properties as an incentive for owners to invest in  
14 their properties and the City. When used  
15 effectively tax abatements are a valuable tool in  
16 encouraging economic development. However, they  
17 should, of course, do so at the lowest possible  
18 cost to the City. Despite costing nearly \$390  
19 million in foregone real estate taxes in 2006,  
20 which was by far the largest commercial incentive  
21 program in this, operating in the City at the  
22 time, ICIP has never been rigorously studied or  
23 mended other than to make it more generous over  
24 its 18-20 years of existences or so, I'm sorry,  
25 20, 25 years of existence, I missed a ten.

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2 Therefore, in 2007-2008, EDC, OMB and EOF  
3 undertook with the assistance of a panel of  
4 outside economists a rigorous and unprecedented  
5 study of the ICIP. That analysis revealed that  
6 ICIP as then currently configured operated as  
7 significant fiscal loss to the City. However, it  
8 also uncovered that based on our calculations that  
9 the benefits were made slightly less, were made  
10 less generous in certain areas and more targeted  
11 towards the kinds of investments that made a real  
12 difference for the City. It would operate a  
13 significant fiscal benefit to the City in terms of  
14 taxes collected and would also generate additional  
15 jobs and investment in our neighborhoods.  
16 Specifically, our analysis focused on and led to  
17 the reform of four aspects of the program. The  
18 first was the depth of benefits to ensure that  
19 areas most in need of commercial and industrial  
20 developments saw the greatest benefit, again, at  
21 the least cost to the City possible. We  
22 recommended two reforms; the first was to limit  
23 the length of time of abatements in Midtown  
24 Manhattan for commercial projects from the then 12  
25 years to ten years. And in addition, ICIP had

1 provided what was called inflation protection  
2 where over time as properties became more and more  
3 valuable for any number of reasons but as happens  
4 in New York over time, generally speaking, the  
5 benefits got more and more generous. That had the  
6 effect of providing more generous tax benefits  
7 farther out in time just when private actors care  
8 less and are less sensitive to their returns. We  
9 therefore proposed a significant reduction in this  
10 inflation protection. We also focused on retail  
11 benefits. We found that retail establishments  
12 that received ICIP led to significantly less net  
13 new economic activity than other types of  
14 commercial projects. That's effectively become as  
15 a general matter, new retail options do not create  
16 new economic activity but rather serve to move  
17 expenditures from one part of the neighborhood or  
18 to one part of the city to another part of the  
19 neighborhood or city. Generally speaking, retail  
20 activity doesn't increase significantly because  
21 there are more options available. People spend on  
22 what they're going and able to spend in their  
23 neighborhoods. To address this concern we  
24 proposed two reforms. The first was to reduce  
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2 retail benefits levels across the City from  
3 generally 15 to 25 years and also to dramatically  
4 reduce the retail eligibility in Midtown Manhattan  
5 where we felt really any benefits at all were  
6 unnecessary given the strength of the retail in  
7 Lower in Midtown Manhattan. The third reform that  
8 we focused on was utilities. Over time utilities  
9 have become a major beneficiary of the ICIP  
10 program and because ICIP is as of right these  
11 utilizes were able to fill out forms and gain  
12 access to the program and received in some  
13 situations for large facilities received extremely  
14 generous benefits and the City was enable to  
15 either narrowly tailor those benefits to provide  
16 just the level of benefits that were necessary now  
17 were we able to leverage the significant tax  
18 incentives they were providing for greener types  
19 of production. We therefore recommended to  
20 transfer the utility projects from the as of right  
21 program to a discretionary program that could  
22 narrowly target and tailor the green as possible  
23 programs. And fourth, we recommended taking  
24 substantive steps to improve the administration,  
25 management and transparency of the program. In

1  
2 2008 these reforms were implemented and ICIP  
3 became ICAP. We believe that the new ICAP is  
4 better deigned to induce construction activity and  
5 incentivize dispersal of industrial and commercial  
6 development from higher value areas to secondary  
7 and tertiary markets across the city.

8 Complementary to the reforms I described a number  
9 of amendments, some of which were sponsored by  
10 Council Member James, Reyna and Weprin, were also  
11 signed into law in 2008. Those amendments  
12 included measures to suspend ICAP benefits if  
13 recipients were found in violation of laws as it  
14 relates to the safety of workers and the public  
15 and to encourage utilization of New York City  
16 certified MWBE's for the construction fees of  
17 projects that receive ICAP benefits. I'll now  
18 turn it over to my colleague from DOF to describe  
19 the actual experience in the last few years with  
20 ICAP and then I'll talk about, you know, where we  
21 see the program from an economic development  
22 perspective.

23 MR. THEODORE OBERMAN: Good  
24 morning, Chair Koslowitz and Members of the  
25 Committee on Economic Development. My name is

1 Theodore Oberman. I'm the Director of Commercial  
2 Exemptions and Abatement of the Department of  
3 Finance, the agency that administers the  
4 Industrial and Commercial Abatement Program. As  
5 David outlined, ICAP started in 2008, however,  
6 because of the nature of construction projects and  
7 the timing of the application process, benefits  
8 have been provided under the program only since  
9 fiscal '12. Generally, it takes at least three  
10 years from the submission of a preliminary  
11 application to the effective date of the first  
12 benefit year. Here is a hypothetical example. A  
13 property owner filed a preliminary ICAP  
14 application in September of 2008, as soon as the  
15 bill creating ICAP was enacted. They then filed  
16 their first EOB permit in November of 2008, filed  
17 their final application in September of 2009,  
18 completed construction in November of 2009 and  
19 received their certificate of occupancy in March  
20 of 2010. The first taxable status date that would  
21 indicate benefit eligibility would be January 5<sup>th</sup>,  
22 2011 so their first benefit year would be fiscal  
23 '12, starting July 1<sup>st</sup>, 2011. There were a total  
24 of 32 properties that started to receive benefits  
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1  
2 in fiscal '12 and in fiscal '13 there were 110  
3 properties receiving benefits, a 161 percent  
4 increase. In fiscal '12 awarded benefits totaled  
5 approximately \$2.7 million, in fiscal '13 benefits  
6 totaled approximately \$6.3 million, a 133 percent  
7 increase. For ICAP in the current fiscal year of  
8 '13, Queens has the highest number of properties  
9 receiving benefits at 37 and Manhattan has the  
10 highest amount of abated taxes at \$2.7 million.  
11 We have received more than 2,400 preliminary  
12 applications for the ICAP program. There were an  
13 additional 400 applications that were originally  
14 filed under the ICIP but did not receive a DOB  
15 permit in time to qualify for that program and  
16 were then transferred to ICAP. Under a local law  
17 67 of 2008 ICAP applicants must reach out to city  
18 certified minority and women owned business  
19 enterprises to promote contracting opportunities  
20 on the project. For contracts that are valued  
21 below \$1.5 million, applicants are required to  
22 search the online directory of certified firms for  
23 contracts valued above \$1.5 million, applicants  
24 are required to search online and solicit bids  
25 from at least three certified MWBE's for each

1 subcontracting project. Applicants are directed  
2 to maintain records demonstrating compliance with  
3 this provision and to submit the ICAP MWBE  
4 compliance report to the Department of Finance  
5 during the final application for benefits stage.  
6 A copy of the report is also submitted to SBS.  
7 Out of the approximately 2,800 properties eligible  
8 for ICAP, 687 have a project cost of over \$1.5  
9 million and would be required to file a contact  
10 solicitation rules governing minority and women  
11 owned business enterprises. S you, I believe you  
12 have the testimony, below are the statistics  
13 showing the location and amount of the ICAP  
14 benefits provided since the start of the program.  
15 David will now discuss the economic impact of  
16 these benefits.  
17

18 MR. ERINBERG: And perhaps,  
19 unfortunately from your perspective, my comments  
20 will be reasonably short on this component. We  
21 tailored the reforms to achieve the goals that I  
22 just described. However, at the time of our  
23 analysis we could not have foreseen the financial  
24 crisis that began hitting New York within months  
25 of the reform. And so, unfortunately this makes

1  
2 analysis of the reform package infeasible at this  
3 point and there are two main reasons for that.  
4 First, is that any analysis to ask how the reform  
5 had impacted the City would have to look at the  
6 baseline of the old program and we would be,  
7 because of the time lag described we would be  
8 looking at projects and economic activity that was  
9 started in the city in the depths of the financial  
10 crisis, in 2008 and 2009 and comparing it to the  
11 experience of ICIP in the immediately preceding  
12 era which was as the market increased  
13 dramatically. And so, if you were to look at that  
14 data you would find extremely misleading, at this  
15 point, extremely misleading findings because at  
16 the moment of the reform economic activity across  
17 the City dropped precipitously, that was in our  
18 opinion, not because of the reform but because of  
19 the much wider global financial crisis. In  
20 addition to that, both because of the decrease in  
21 economic activity across the city and in all  
22 investment types across the country and the world,  
23 and because of the time delay in how long it takes  
24 people to, even though the reforms happened six  
25 years ago, how long it takes people to start

1 filtering into the new program. There are only  
2 110 properties that are currently receiving ICIP.  
3 At the time of our, I'm sorry, ICAP. At the time  
4 of our analysis of ICIP there were 7,000 or so  
5 properties receiving a total of nearly \$400  
6 million in benefits. When you compare that to the  
7 110 properties receiving \$6 million, we just don't  
8 have a sample size sufficient to run any sort of  
9 real analysis. The figure about Manhattan making  
10 up \$2.7 million out of \$6 plus million, that's  
11 nine projects and there's just no way to in a  
12 rigorous way look at nine projects and ask what  
13 that materially means in the tax policy of an  
14 entity like New York City. So, both because  
15 they're just insufficient number of observations  
16 and because at the moment the reform happened  
17 everything in the world changed, we don't believe  
18 that right now is the time to, we don't believe  
19 that there's sufficient information to make a  
20 determination about the ICAP reforms and that as  
21 the market returns to a more normalized market  
22 you'll begin to be able to see patterns actually  
23 emerging in, like, a more normal environment.  
24 But, unfortunately, not just for this but for many  
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1  
2 reasons the last four years have been anything but  
3 normal. I'm happy to take questions. [off mic]  
4 Okay. [laughter]

5 CHAIRPERSON KOSLOWITZ: Before I  
6 begin I want to recognize Council Member Julissa  
7 Ferreras and Council Member Rubin Wills, and  
8 Council Member Al Vann. What is the participation  
9 rate of MWBE's under ICAP?

10 MS. MARIA SARRIOS: [phonetic]  
11 Hello, I'm Maria Sarrios. As the Commissioner for  
12 Small Business Services representing Ann Ruscone  
13 [phonetic] who oversees the Division of Labor  
14 Services. For MDDBE utilization, because the  
15 program is so new, as mentioned in Mr. Oberman's  
16 testimony, there are, just now we're receiving a  
17 number of projects we can actually track  
18 utilization. We're improving the protocol between  
19 both our agencies in order to have more real time  
20 data. So, I can't give you a hard number on the  
21 total amount. Again, it's all projects, 1.5  
22 contracts value greater. We do receive employment  
23 reports specifically for those contracts over \$2.5  
24 million and that number we have a solid figure.  
25 But we, it's still incomplete 'cause it doesn't

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include the \$1.5 to \$2.5 million projects.

CHAIRPERSON KOSLOWITZ: And there's no way we can get the number?

MS. SARRIOS: We will be happy to give you that number. We just need to ensure that, currently the way the law is written, the applicant is responsible for submitting their reports and copies of the reports to DLS. We need to confirm that the numbers we have received matches the numbers received by DOF, prior to giving you an actual figure.

CHAIRPERSON KOSLOWITZ: Okay.

MS. SARRIOS: But we will be happy to give them as soon as possible.

CHAIRPERSON KOSLOWITZ: Okay, I would appreciate that.

MS. SARRIOS: Yes.

CHAIRPERSON KOSLOWITZ: Regarding improvements, is there a penalty if a property owner within the program does not spend 30 percent of the properties taxable assessed value within four years from the date the building permit was first issued or from the start of construction if no permit was required.

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2 MR. ERINBERG: Well, benefits are  
3 only given if the applicant meets the 30 percent  
4 threshold for a minimum required expenditure.  
5 It's a 40 percent if it's an industrial property.  
6 So, we would not grant benefits in those cases.

7 CHAIRPERSON KOSLOWITZ: And what  
8 kind of additional benefits become available to  
9 owners of industrial construction projects that  
10 spend 40 percent of the taxable assessed value of  
11 their property?

12 MR. OBERMAN: There is a ability to  
13 get an additional industrial abatements which is a  
14 ten year sliding scale which reduces the initial  
15 tax of the property owner. Under ICAP for non  
16 industrial properties you can't reduce the  
17 additional tax of a building. If a building owner  
18 paid, you know, \$200,000 in 2010 that, it can  
19 never pay less than that unless they have this  
20 additional abatement.

21 MR. ERINBERG: And I would also  
22 note that in the industrial properties receive the  
23 longest benefit schedule at 25 years. Most other  
24 benefit schedules are significantly shorter.

25 CHAIRPERSON KOSLOWITZ: Okay, and

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2 initially under ICAP utilities were specifically  
3 excluded as of May 2011, ICAP benefits were made  
4 eligible for certain electricity generating units  
5 described as peaking units. Please explain why  
6 this was made eligible for ICAP benefits.

7 MR. ERINBERG: I can, that's a  
8 complicated, it's complicated issue. The, it  
9 became apparent that the ICAP reforms were going  
10 to have certain effects on the rate setting. The  
11 way that, the unintended consequences on the way  
12 that rates were set in the, for the, by the  
13 utilities and so, it, with the logic that the City  
14 needed more, it's called peaker units, so units  
15 that can deal with surges in demand during heat  
16 waves or from what not. And so, as, over the  
17 course of a few years we created first a  
18 discretionary program and as of right program to  
19 provide benefits narrowly tailored to peaking  
20 units that were the greenest technology then  
21 commercially available. And targeted benefits  
22 exclusively to those so that the City could  
23 continue to add these immediate peaker units over  
24 time 'cause--

25 CHAIRPERSON KOSLOWITZ:

1 [interposing] This would be the only utility  
2 eligible for ICAP?  
3

4 MR. ERINBERG: That is correct.  
5 All other utilities were, are still outside the  
6 program.

7 CHAIRPERSON KOSLOWTIZ: Okay. What  
8 is the present value of exemptions for peaking  
9 units under ICAP?

10 MR. OBERMAN: It's zero right now.

11 CHAIRPERSON KOSLOWITZ: Zero?  
12 Okay. We've been joined by Council Member Brad  
13 Lander and he, I believe he has some questions.  
14 All right. He didn't expect it to be that fast,  
15 right? [off mic] What issues will the Boundary  
16 Commission likely have to address next year in  
17 determining if any changes should be made to the  
18 special areas?

19 MR. OBERMAN: So, special areas  
20 increase the benefits for non industrial projects  
21 from 15 to 25 years. so, if there is an increase  
22 or reduction in those areas that would have an  
23 impact on future beneficiaries.

24 MR. ERINBERG: And generally the  
25 special areas were intended to encompass higher

1  
2 need neighborhoods and in need of additional  
3 investment. Those boundaries have changed over  
4 time and I don't believe the legislations  
5 specifically identifies what the metrics are the  
6 the boundary commission must look at but they've  
7 historically been employment and income  
8 determinations.

9 CHAIRPERSON KOSLOWITZ: [off mic]

10 Okay, okay. Can you provide any recommendation as  
11 to the how the current ICAP program can be  
12 improved?

13 MR. EINBERG: In terms of the  
14 economics, like I said, we think that it would be  
15 premature to make additional changes. I  
16 appreciate that it's been seven years since the  
17 changes and so it would seem to be an opportune  
18 time to ask if they had had the effects that we  
19 expected. Unfortunately, as I explained we're  
20 just, we're not in a position to answer those  
21 questions because of world events. Our feeling is  
22 that, you know, it will take some amount of time  
23 to see the performance of ICAP in a more  
24 normalized economic environment to be able to  
25 compare and contrast it to ICIP and see whether or

1  
2 not we could have, should have made it even less  
3 generous but still gotten all the economic  
4 activity that we had hoped that we had thought  
5 that we would get or whether we overshot the mark  
6 and you see a significant decline in economic  
7 activity that's detrimental to the City and  
8 there's a decision to tweak it the other way.  
9 right now we just, we're, we would be flying  
10 blind.

11 CHAIRPERSON KOSLOWITZ: How much  
12 time do you think you would need?

13 MR. ERINBERG: I mean, at the, I  
14 think that's, I don't have those, a good answer  
15 for that. I mean, 100 recipients, plainly, is not  
16 enough, it would end, if, it would really depend  
17 on the market. I mean, there is a possibility  
18 that you've got a number of years of more  
19 normalized economic activity and you might look  
20 again at the program at that point. I don't think  
21 you're talking decades but I don't think you're  
22 talking one or two years by any means. But, you  
23 know, world events may change again and it may be,  
24 again, difficult to look at, to compare a program  
25 that had existed for 30 years and saw all the

1  
2 cycles of the New York City economy and try to  
3 compare it to a program that had only been in  
4 existence when the City economy and the world  
5 economy took a nosedive for other reasons.

6 CHAIRPERSON KOSLOWITZ: You don't  
7 think that from the time the program started in  
8 2008 to now, even with the economy the way it is,  
9 that we can get some kind of idea of what's going  
10 on?

11 MR. ERINBERG: I don't. I think  
12 that if you looked at the numbers what you would  
13 see is ICIP reform and then our activity going  
14 like that. And the, there would be no way to  
15 judge whether that was because of the reform or  
16 whether it was because of everything else that  
17 happened. And, unfortunately, there's no way to  
18 determine that. The small number of observations,  
19 of recipients, also means that, you know, there  
20 are nine in Manhattan. If there was one large  
21 one, that will throw all of the findings off quite  
22 dramatically. You also--

23 CHAIRPERSON KOSLOWITZ:  
24 [interposing] now, it sounds to me we'll never  
25 have an answer.

1  
2 MR. ERINBERG: I think,  
3 unfortunately, tax policy for the City of New York  
4 if a complicated, long lived issue and right now  
5 trying to do a rigorous financial analysis of the  
6 program, you would get misleading findings one way  
7 or another, and I don't know whether that would  
8 indicate, you know, I can't tell you how many  
9 conversations I've had with people in the real  
10 estate community who said, we told you, you  
11 reformed ICIP and now nobody's building. The  
12 answer is, that's not, that wasn't about the  
13 reform but it's an easy thing for the real estate  
14 community to say is that you should have maybe  
15 made the benefits more generous 'cause then maybe  
16 we would have been building. The reality is, you  
17 know, the whole banking system almost shut down  
18 and that's [crosstalk] why people stopped  
19 building.

20 CHAIRPERSON KOSLOWITZ: It sounds  
21 like it has a life of its own, that, you know,  
22 there's no answers or anything. How many  
23 applications have you gotten this year?

24 MR. ERINBERG: For ICAP, 280.

25 CHAIRPERSON KOSLOWITZ: That's, is

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that a good number?

MR. ERINBERG: That is about the number, the half year, that's about what we're seeing on a yearly basis since the program started.

CHAIRPERSON KOSLOWITZ: So, it's par for?

MR. ERINBERG: Yeah, maybe it's a little higher. It's picking up a little bit.

CHAIRPERSON KOSLOWITZ: Okay. I would like answers on, like, how many women are, you know, involved in women businesses are involved in this. Is my colleague ready?

COUNCIL MEMBER LANDER: Yes, thank you for your indulgence. All right. So, one of the things that we're going to want to be able to understand those, the changes and what impact they had once there are enough of a database of the ICAP deals is the data and the ability to compare to both ongoing ICIP benefits which are still obviously flowing from prior deals and it's my understanding that there is supposed to be an annual report on those under Section 11267 of the Administrative Code. But it looks to me like the

1  
2 last one that I could find online was from May  
3 30<sup>th</sup>, 2001 and I saw it, we did check, my staff  
4 checked and the Reports and Advisory Board  
5 Commission, that the Bloomberg Administration did  
6 said that this is a report that should be  
7 retained. It recommended its continuance. So,  
8 does it exist, like, does it exist? When can we  
9 expect it? It's, I think it's an annual or a  
10 biannual report that I'm hoping will both keep  
11 reporting on ICIP data and report annually on the  
12 ICIP data and then it'll be a little easier for us  
13 to say, all right, well we do or don't have enough  
14 data to do the analysis on what's working. So,  
15 can you?

16 MR. OBERMAN: Well, we do have the  
17 annual tax expenditure report. That report, I  
18 have to confess, I don't know the reason why it  
19 hasn't been updated. So, yeah.

20 CHAIRPERSON LANDER: So, and it's  
21 my understanding that what's required, and it is  
22 by local law and I have the section here, is not  
23 satisfied. I mean, you have the Building Annual  
24 Tax Expenditure Report. I don't think it fully  
25 satisfies what the law says and, I mean, it's not

1  
2 a long report, the 2001 report. It, but it  
3 provides the data on the deal. So, if you could  
4 let us know what, if and when we can expect the,  
5 when the 2002 one, but at least maybe the 2013 one  
6 would be great and whether the Administration  
7 intends to continue to comply with that law. And  
8 how that will relate to the ongoing, this, the  
9 ICAP question that we have here today. I guess  
10 confirm that you read it to transition with the  
11 program, I mean, there's still the ICIP itself,  
12 information that we want on the old deals but do  
13 you read it to transition to cover the ICAP deals  
14 as well, so we'll be able to compare them and then  
15 you can do the analysis, we can do the analysis,  
16 the public can do the analysis. Thank you.  
17 Without the data it's hard to ask a lot of  
18 questions.

19 CHAIRPERSON KOSLOWITZ: Okay.

20 Thank you, and I appreciate if you get the,  
21 everything to us as soon as possible. Donald  
22 Giapetro [phonetic] and I know I really screwed  
23 this name up. Oh, oh, okay, and Maria, same  
24 thing? Oh, okay. So, now I'm going to call on  
25 Bettina Damiani [phonetic] Good Jobs New York.

1  
2 MS. BETTINA DAMIANI: Good morning.  
3 My name is Bettina Damiani and I direct Good Jobs  
4 New York. We keep track of how the City allocates  
5 economic development subsidies so on that basis  
6 alone, thank you very much for having this  
7 hearing. A couple quick points, I don't want to  
8 beat a dead horse, obviously, this is a relatively  
9 newish version of a very longstanding and  
10 expensive program. So, I think having on the  
11 record that there's still not enough data out  
12 there to make a real decision on whether we should  
13 expand it or not is an important conversation to  
14 have. I don't want this hearing for people to  
15 come away with, particularly folks in the real  
16 estate industry to think that we should just start  
17 going after the ICAP program and opening the doors  
18 again. So, I just want to make sure everybody's  
19 clear on that. Just 'cause we don't have enough  
20 data at the moment doesn't mean our go to points  
21 should be going back to what we had before. Some  
22 points on transparency, 'cause that's where we  
23 focus a lot on. Last year, Good Jobs New York put  
24 in a foil to the Department of Finance because we  
25 wanted to get more data on ICIP recipients and we

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2 know that the Department of Finance has on the  
3 website by borough, you can get the location of  
4 the properties. But that's about it. We have no  
5 sense of, like, how much benefit they are getting  
6 or the actual, who applied for it. And to make a  
7 long story short, the Department of Finance was  
8 less than forthcoming in giving us that  
9 information. We finally had gotten it and it came  
10 in a format, I'm not a computer person but I can  
11 tell you we had to have a college intern from  
12 Cornell put it into a format that we can use and  
13 then put it up on our website. So, if the  
14 Department of Finance isn't going to give you more  
15 details about who is receiving ICAP please feel  
16 free to go to GoodJobsNY.org and check out our  
17 database of deals. That also flows into another  
18 transparency piece. As we move forward with  
19 looking back at all the types of subsidies that  
20 have gone out during the Bloomberg Administration  
21 we need to make sure we're having as much  
22 information in one place as possible. So, I'm not  
23 sure where this fits into this hearing but I want  
24 to put a plug I for making sure that ICIP, ICAP  
25 data and other types of subsidies are as much as

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2 possible in one place. I mean, the ideal scenario  
3 is, obviously, to have a unified economic  
4 development budget. As much as I would love to  
5 read the tea leaves and think that's going to be  
6 happening soon, it really isn't. If there's  
7 anything we can do on our end to make that happen  
8 more quickly, let us know.

9 CHAIRPERSON KOSLOWITZ: I just want  
10 to say, you know, whatever we do here we use City  
11 monies and it's really the people's monies and the  
12 people are entitled to know how their money is  
13 being spent.

14 MS. DAMIANI: So, then a couple of  
15 thoughts. Apparently there's supposed to be  
16 something called a certificate of continuing use  
17 supplied by whoever is receiving the benefit. One  
18 of my concerns, I have, I have nothing to prove  
19 this happening because we weren't able to, we  
20 didn't get that information, is that if, for  
21 example, an industrial building that was getting  
22 ICIP for industrial use in say, Williamsburg, is  
23 now a hotel, I'm just using this as a hypotheses,  
24 is that building still getting benefits as an  
25 industrial use? So, I think there needs to be

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2 very clear, some due diligence being done and if  
3 there's any reports coming from the Department of  
4 Finance to the City Council would request that  
5 that information be put in there as well. And  
6 then finally, some thoughts on the retail. I know  
7 that the ICAP has dramatically reduced the type of  
8 retailers that can get this benefit but as was  
9 mentioned just by the previous speakers, retailers  
10 are not, you know, they're not going to go  
11 someplace where they don't think they're going to  
12 make bucket loads of money. And providing them an  
13 additional incentive like ICAP is really quite  
14 unnecessarily. We need to reserve our economic  
15 development resources for projects that are really  
16 needed and create good and new jobs in New York  
17 City. Thank you.

18 CHAIRPERSON KOSLOWITZ: Thank you  
19 very much for your, you know, testimony and for  
20 your great insight.

21 MS. DAMIANI: And also thank you,  
22 Council Member Lander, for mentioning the annual  
23 report that seems to have gone MIA for the entire  
24 Bloomberg Administration.

25 CHAIRPERSON KOSLOWITZ: Thank you.

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Any questions?

COUNCIL MEMBER LANDER: I mean, let me just very briefly 'cause we want to, I do feel like, you know, I saw the other report that you guys put out that New York has the still, for all of the reforms we've made, the most subsidy megadeals, and I feel a little schizophrenic, on the one that we have the reform to the ICAP and yet it still seems like we don't have a lot of good information on the value of all these subsidies and that even though there's an emerging consensus that we really should be spending our tax dollars on infrastructure and maybe some feeling that we have made that transition, the numbers keep growing and growing. Michael Powell's got a column today about 421-A, which I know is not the subject of this hearing. So, I just, as we're about to make the Administration transition, can you give us just a one minute, like, what do we need to be focused on at the Council.

MS. DAMIANI: Mm-hmm.

COUNCIL MEMBER LANDER: To make sure we're doing our job around tax subsidies and

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their relationship to economic development.

MS. DAMIANI: Well, this Administration actually has done very, a very good job of transparency on discretionary deals. As you know, local law 62 is one of the best, actually in the entire country. We can now look back and see how well, or quite frankly, how poorly our economic developments subsidies have been used. I think the point of contention is using these resources as a leverage to make sure that good jobs are being created for people that really need them. I don't want to talk about Fresh Direct that much 'cause that makes my head spin, but it's a really good example, even though Fresh Direct hasn't gotten any subsidies, let's pretend that they did, the reality is is because it's an industrial deal there's no recapture provisions, there's no expectations that they have to hire locally. There's no guarantee that they're going to create good paying jobs for people in the job ladders. So, we have this tremendous resource, which is our public land in New York and our tax base and we have been giving away much too freely. We need to really

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2 incorporate much stronger connections between what  
3 the needs are in the community where people, where  
4 projects are going to be, and the jobs that can  
5 fill them. And there's different examples. I  
6 know Council Member Lander has been looking at  
7 this too around the country where we're not  
8 charting totally new territory. It's about  
9 building relationships with providers on the  
10 ground and then understanding what the employment  
11 needs are of people that live there.

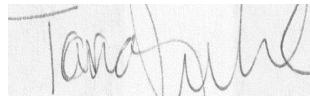
12 COUNCIL MEMBER LANDER: Thank you.

13 CHAIRPERSON KOSLOWITZ: Thank you  
14 very much. And I'd like to work with you on, you  
15 know, what you've testified to today. With that,  
16 this meeting is adjourned.

C E R T I F I C A T E

I, Tara Juhl certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script, appearing to read "Tara Juhl", is written over a light gray rectangular background.

Date 7/10/13