

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT

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September 15, 2008

Start: 3:43pm

Recess: 4:22pm

HELD AT: Council Chambers  
City Hall

B E F O R E: THOMAS WHITE, JR.  
Chairperson

COUNCIL MEMBERS:  
Alan J. Gerson  
Letitia James  
Annabel Palma  
Diana Reyna  
Albert Vann

## A P P E A R A N C E S

Tom Mulligan  
OMB  
New York City

Bettina Damiani  
Director  
Good Jobs New York

Paul Hubert  
Rockaway Employment and Oversight Center

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2 IBIERTO CORIASO: Testing one two  
3 three. Testing one two three. Next committee  
4 meeting is going to be on Economic Development.  
5 Today's date is September 15, 2008 and is being  
6 recorded by Ibierto Coriaso [phonetic].

7 CHAIRPERSON THOMAS WHITE, JR.:

8 Good afternoon. I'm Councilman Thomas White, Jr.,  
9 Chairman of Economic Development. Today's hearing  
10 will focus in on Intro 822-A, a local law to amend  
11 the administrative code of the City of New York in  
12 relation to tax abatement and tax exemption for  
13 industrial commercial work on properties in the  
14 City of New York.

15 The ICIP, it's the largest economic  
16 development program in New York City. Since 1984  
17 ICIP has provided as of right property tax  
18 exemptions and abatements to encourage development  
19 in commercial and industrial real property. In  
20 fiscal year '07 approximately \$410 million in  
21 benefits were given to 5,771 properties.

22 ICIP contained various exemptions  
23 for minimum required exemptions and required that  
24 the applications process commence prior to  
25 obtaining a building permit. Reforms to the ICIP

1  
2 contained in the ICAP legislation significantly  
3 tightened eligibility requirements, reduced  
4 benefit levels, eliminate or limit certain retail  
5 eligibility and shortened benefit periods.

6 Proposed Intro 882-A implemented  
7 Chapter 119 of the laws 208, which authorize the  
8 City to establish the ICAP to provide tax  
9 abatements for certain industrial and commercial  
10 construction work. ICAP replaces the ICIP, which  
11 is as of July 1, 2008 is no longer authorized to  
12 accept applications. ICAP is expected to generate  
13 significant industrial and commercial development  
14 at a lower cost to the city than ever under the  
15 now expired ICIP.

16 I would like to thank the  
17 administration, elected officials and advocates  
18 for testifying today. I look forward to a  
19 productive hearing on this important issue. I  
20 would also like to add that the meeting was  
21 schedule for 1:00. I was called and asked that we  
22 delay it until 3:00. I had my council members  
23 called so they could adjust their schedules to  
24 start this meeting at 3:00 as opposed to 1:00 due  
25 to the issue with Lehman Brothers and the

1  
2 individuals involved in that issue. So that, we  
3 can't apologize for that delay because that was  
4 the delay and it's very important to the City of  
5 New York, if not the nation. So without further a  
6 due, I would like to call Tim Mulligan, the New  
7 York City OMB. Tim.

8 TIM MULLIGAN: Good afternoon  
9 chairman and council members. I just want to  
10 start by thanking you for your flexibility on the  
11 schedule of this hearing today. It's obviously  
12 been a busy and difficult day.

13 I want to just briefly target my  
14 remarks at the changes that the new ICA Program  
15 have over the old or the ICI Program that you may  
16 be more familiar with and highlight some of those  
17 most significant changes. Then we can move on  
18 from there.

19 I think that the first one is that  
20 all utility projects citywide are ineligible from  
21 the new program. ICIP, the original program that  
22 began in 1984, didn't anticipate the eligibility  
23 of utility projects. They weren't made eligible  
24 by any change in statute. They were made eligible  
25 pursuant to litigation in 1994 so they weren't

1  
2 intended to be part of the program. In recent  
3 years, they've taken an ever larger share of the  
4 benefits. So utilities in the new program will be  
5 excluded completely.

6 The second change I wanted to talk  
7 about is retail restrictions. There are two  
8 different retail restrictions in the new program.  
9 The first is a 10% retail threshold that applies  
10 to industrial and commercial ICIP benefits in  
11 special designated areas. It limits the longest  
12 term benefit under the program, which is a 25 year  
13 benefit, to only the first 10% of the retail use  
14 for the construction. For the portion of the  
15 project that's beyond that 10% the length of the  
16 benefit is a 15 year benefit. So that's a  
17 significant reduction from 25 to 15.

18 And when I talk about the terms of  
19 the program, I'm talking about the total term.  
20 All of the benefit periods have a phase out for  
21 the last few years where the benefit is phased out  
22 to the year when it finally concludes and there is  
23 zero benefit from the program. So that's the  
24 first retail change.

25 The second retail change is a 5% de

1  
2 minimus rule for commercial renovation. This  
3 applies to commercial renovation south of 59th  
4 Street and north of Murray Street, which doesn't  
5 include the garment district. In that area  
6 commercial renovation beyond 5% de minimus use in  
7 any given project is not eligible for benefits  
8 under the program. So the first 5% receives  
9 benefits but any portion of the project beyond 5%  
10 does not receive the benefits.

11           The next change relates to that  
12 category of benefits as well for the area of the  
13 renovation area between Murray Street and south of  
14 59th Street. The benefit period is reduced from  
15 12 years to 10 years. So the ICIP benefit was  
16 eight years in full benefits with a four year  
17 phase out. The new ten year benefit is five years  
18 of full benefit with a five year phase out for  
19 that period.

20           Also, overall for the program there  
21 are some changes. The program changes from a tax  
22 exemption to a tax abatement program. This is  
23 technical change about how the benefits are  
24 calculated. Instead of the benefit being a  
25 reduction on the taxable assessed value of a

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2 property, it is now an abatement that is applied  
3 to the tax liability. This change affects both  
4 the predictability of the benefit going forward of  
5 projects and also the effect that distortion to  
6 the individual tax basis for classes can have on  
7 class share allocation. It also makes the program  
8 significantly less burdensome to administer.

9                   Finally, there's been another  
10 change as regard to the inflation protection that  
11 is available for the industrial and commercial  
12 benefits and special areas and industrial benefits  
13 citywide. The previous program ICIP had a  
14 complete inflation or appreciation protection.  
15 Meaning that if the value of the construction or  
16 improvement increased due to market conditions in  
17 the area, the size of the benefit increased  
18 accordingly.

19                   Now that protection extends only to  
20 appreciation or inflation beyond the first 5%. So  
21 as the benefit years progress, the abatement--the  
22 first 5% of the values growth on the improvement  
23 is borne by the taxpayer. And it's only in  
24 interest where that appreciation or inflation  
25 exceeds the 5%, that there is protection through

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the program.

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That summarizes the major changes of ICIP that's being authorized by 822-A. Are there any questions?

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CHAIRPERSON WHITE: Thank you very much Mr. Mulligan. I have a question. What is the expected effects of reducing the term of benefits from 12 to 10 years for non-residential commercial activity in Manhattan south of 59th Street on the course of the program to the city?

MR. MULLIGAN: First, I have the total cost savings overall of the program if I could just address that. And then I'll see if I have the answer to that specific question available.

Over the next 10 years, the city estimates that the total cost savings from the changes to the program from the previous program will be between \$234 million and \$259 million; it's a range. But that's the range of the savings cumulatively over the next ten years. That's a net present value dollars. In just regular nominal dollars it's about \$324 to \$363 is the range of total benefits.

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2 I'm not sure if I have the  
3 components of the savings broken down by each  
4 individual change with me. But let me check.  
5 Unfortunately, Chairman, I don't have the cost  
6 savings from just the 12 to 10 change broken out  
7 but I can get you that information.

8 CHAIRPERSON WHITE: We have that  
9 information here. We have your total savings by  
10 fiscal year and then we have the special area  
11 savings of, I believe, that's \$44.5 million to  
12 \$68.2?

13 MR. MULLIGAN: Yes, that's correct.

14 CHAIRPERSON WHITE: And renovation  
15 savings is \$77.3 million to \$94.1 million.  
16 Citywide savings from utilities is \$200.7 million,  
17 which leads us to a total cost of \$322.5 million  
18 to \$363 million. Would that be correct?

19 MR. MULLIGAN: Sounds correct.

20 CHAIRPERSON WHITE: Okay.

21 Comments? Councilwoman Reyna.

22 COUNCIL MEMBER DIANA REYNA: I'm  
23 trying to understand the proposed Intro that we're  
24 speaking of, 822-A, correct? And this is changing  
25 the administrative code on the ICAP, which was

1  
2 then known as ICIP to go from a tax abatement to a  
3 tax exemption or from a tax exemption to a tax  
4 abatement?

5 MR. MULLIGAN: The latter.

6 MS. REYNA: The latter. And what  
7 happens in an area where businesses have received  
8 the ICIP then or the ICAP now? Is this an  
9 amendment to the Introduced law that would be  
10 retrospective or prospective?

11 MR. MULLIGAN: That's a great  
12 question and I neglected in my comments to address  
13 that and I should have. It's not retroactive; it  
14 applies to a new program going forward. In fact  
15 there's a transition period. So people who are  
16 receiving, businesses who are receiving ICIP  
17 benefits will continue to receive those benefits  
18 on the ICIP schedule. So if it was the longer  
19 term, the existing longer term.

20 That program officially needed as  
21 of the end of June this year but there's also a  
22 transition period for applications that were  
23 already received and projects that were already in  
24 the works as long as they are completed, I  
25 believe, by the end of calendar year 2013, they

1  
2 will still receive benefits under the old schedule  
3 of ICIP rather than the new program of ICAP.

4           Additionally applications were  
5 accepted for an additional month if a building  
6 permit was obtained, I believe, by the end of  
7 August of this year to still be in ICIP, the  
8 existing program. So there was a transition set  
9 up so that the pipeline of projects, as it were,  
10 wouldn't be affected by this change. It would  
11 affect new projects prospectively in the future  
12 such that any changes that are necessary due to a  
13 change in the program for financing and stuff that  
14 all can be taken into account for the new  
15 projects.

16           MS. REYNA: Okay. And as far as  
17 the latter of the two abatement versus exemption,  
18 currently there's only an exemption.

19           MR. MULLIGAN: Currently there's an  
20 exemption which means that the assessment value of  
21 the property upon which the tax is calculated is  
22 held artificially lower, right? It doesn't  
23 include the cost of the improvement that was part  
24 of the program. So your taxes that the  
25 participant pays consequently are lower because

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2 the base upon which the taxes are calculated is  
3 lower.

4 The difference between an exemption  
5 program like that and an abatement is the tax base  
6 goes up as it normally would but there's an  
7 abatement, a dollar value that's applied, a credit  
8 if you will to the tax bill that brings your taxes  
9 back down after the calculation. It's at what  
10 point in the calculation, the benefit is  
11 calculation.

12 An exemption does it earlier and  
13 the effect of that is that year to year if the tax  
14 rate changes there could be more fluctuations in  
15 the value of the participation in the program. I  
16 think the abatement is much more stable and it's  
17 much more easier for the Department of Finance to  
18 administer.

19 MS. REYNA: So in no one situation  
20 would both apply?

21 MR. MULLIGAN: No.

22 MS. REYNA: For instance if the  
23 ICIP program participants have completed their  
24 ICIP benefits can they or would they under this  
25 particular amendment of the law renew to

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participate under ICAP abatement?

MR. MULLIGAN: If you had a new project and you're making a new application after those transition dates we talked about, you'd be in the new ICAP program, right? And that could be possible even if you had a different project that was already a participant of the ICIP program but not for the same project.

MS. REYNA: Not for the same. As long as they are different projects?

MR. MULLIGAN: Correct. That's my understanding.

MS. REYNA: And the abatement throughout the years you were mentioning, the first five years full abatement and then five year phase out.

MR. MULLIGAN: Yeah. Each benefit period has a phase out. For example the 15 year program is 11 year full value with a four year phase out. The 25 year benefit is a 16 year full benefit period with a 9 year phase out. And the 12 year benefit period is 8 years with a 4 year phase out. The special smart building piece of the program remains the same, which is a 4 year

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benefit period and a 4 year phase out.

MS. REYNA: So there's four categories under the abatement?

MR. MULLIGAN: I think that's five different term lengths when you combine the map and industrial versus commercial and renovation versus new construction and the area on the map, I think that there's numerous permeations.

MS. REYNA: Okay. I'm looking at the chart.

MR. MULLIGAN: We all have to rely on a grid to find out what box we're in.

MS. REYNA: So is this giving an additional option to the ICAP program that never existed before? Because before we had an exemption only now this would provide an abatement or an exemption. One providing benefits early on and the other providing ongoing benefits.

MR. MULLIGAN: No. It's an either or. If you're in ICIP you're getting an exemption. If you're in ICAP you're getting an abatement. Those term periods are the same term periods for the abatement, in some instances, as they were under the old program for the exemption.

2 MS. REYNA: Oh, I see.

3 MR. MULLIGAN: That's just the  
4 length of the benefit. But the benefit for the  
5 new program is an abatement, not an exemption.

6 MS. REYNA: An exemption. Now  
7 you've further clarified it. Okay so there's an  
8 exemption associated to the ICIP only and then  
9 there's an abatement associated to the ICAP. But  
10 the exemption does not exist under the ICAP; it's  
11 only an abatement.

12 MR. MULLIGAN: Correct.

13 MS. REYNA: With the same  
14 provisions as applied to the ICIP.

15 MR. MULLIGAN: The same provisions  
16 with the changes that I noted in my remarks.

17 MS. REYNA: Correct. Fantastic. I  
18 have an example of a business who is not within  
19 the boundaries of the ICAP. How do you determine  
20 whether or not a business would be able to  
21 participate in the ICAP? It's geographic,  
22 correct?

23 MR. MULLIGAN: It's a combination  
24 of geographic and the kind of project, whether  
25 it's an industrial use or commercial use, whether

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2 it's renovation or new construction. All of those  
3 factors go in but the Department of Finance has  
4 information available on their web site. They  
5 also have an application and they provide guidance  
6 to applicants about whether or not you're eligible  
7 based on the kind of project you have, the amount  
8 of investment in the project, how much of an  
9 improvement it is to an existing piece of  
10 property. All of those factors determines  
11 eligibility and the Department of Finance makes  
12 those determinations.

13 MS. REYNA: And in the case of the  
14 abatement or the exemption, the property owner is  
15 getting the benefit and providing the new  
16 constructed space? Or is there a situation where  
17 the business is providing all the renovations and  
18 receiving the benefits?

19 MR. MULLIGAN: The program is for  
20 the property owner. So for example if you're a  
21 lessee and you lease space in a building that's a  
22 beneficiary. Presumably the cost of your rent may  
23 reflect, to some degree, that benefit that's going  
24 to the landlord. But the benefit doesn't come to  
25 lessees, it comes to the owner of the buildings.

1  
2 MS. REYNA: And in the case where  
3 perhaps the--I'm just hypothetically throwing the  
4 scenario where the lessee had spent all the  
5 reconstruction costs to lease this space to  
6 accommodate it for the use of what their business  
7 calls for. Could there be a scenario where the  
8 lessee would be able to in combination with the  
9 property owner to apply for this?

10 MR. MULLIGAN: The Department of  
11 Finance says they think so I'll rely on their word  
12 on that. But I understand the question.  
13 Sometimes the person holding the lease makes  
14 investments in the property. I think that they  
15 would have to work through the owner.

16 MS. REYNA: Correct. And I'm  
17 trying to understand the benefit to this city.  
18 We're giving the abatement or the exemption, what  
19 has been the return other than updated space and  
20 retaining businesses to occupy updated space or  
21 reconstructed space or new constructed space. Is  
22 there an employment growth aspect that this  
23 provides the city?

24 MR. MULLIGAN: Obviously by keeping  
25 and encouraging both maintaining of commercial

1 industrial spaces and also the new construction of  
2 commercial industrial spaces, that has a positive  
3 economic benefit for this city, both for  
4 employment, for tax revenue and for the  
5 diversification of the economy. You'll notice  
6 that the longest benefit period goes to industrial  
7 facilities, which I think are three-quarters  
8 manufacturing in their square feet.

9  
10 If you look at the map in terms of  
11 the special areas that are designated in the  
12 statute and by the Boundary Commission. Those are  
13 areas that investment is needed and there needs to  
14 be incentive to invest in those areas. We've  
15 tried to change the program in ways that target  
16 the benefits more closely to where the tax  
17 benefits can actually incentivize new construction  
18 or renovation that wouldn't take place but for the  
19 benefits.

20 MS. REYNA: In experience and data,  
21 more so than anything else. Have you seen a  
22 preservation of manufacturing buildings and  
23 manufacturing zones? Have there been businesses  
24 that have taken advantage of securing such space?  
25 Has that been quantified?

1  
2 I'm trying to figure out a lot of  
3 the manufacturing and industrial spaces, which  
4 we've lost at least in north Brooklyn 100 million  
5 square feet of in the last 10 years. Whatever is  
6 remaining could take advantage of such a program  
7 if there were businesses coming in and occupying  
8 such space. What I'd like to know, since the  
9 inception of ICIP and now ICAP, what have we seen  
10 to retain and/or replace the loss?

11 MR. MULLIGAN: I think that that  
12 question is really best for EDC, the Economic  
13 Development corporation but unfortunately they're  
14 not here with me today. From the budget office  
15 perspective we don't have those type of the  
16 dynamic analysis of the effects of the program. I  
17 will forward that request for what information  
18 exists at EDC with regards to impact of the  
19 program.

20 MS. REYNA: I don't know if there's  
21 any reporting requirements concerning that  
22 particular point but I'd like to see reporting  
23 requirements concerning the benefit back to the  
24 city to find out how we're making every attempt  
25 for these benefits to give back to the city so

1  
2 that we're securing manufacturing and industrial  
3 space in a fashion where we can preserve the  
4 actual zone itself.

5 Right now we have IBZ's and those  
6 are the industrial business zones that are not by  
7 law mandated to keep intact. A lot of these  
8 combinations of benefits and programs strengthen  
9 our business zones. So I just want to see what  
10 quantifying data we can evaluate to see whether or  
11 not these particular benefits in conjunction with  
12 other factors are working to benefit the City of  
13 New York, its business, its employees and  
14 obviously communities that are in need of lowering  
15 their unemployment rates.

16 Thank you very much for your  
17 testimony and the clarification. Thank you Mr.,  
18 Chair.

19 CHAIRPERSON WHITE: You're welcome.  
20 There were two questions. One in which you said  
21 in response who gets the benefit, the landlord or  
22 the lessee and you weren't quite sure which. That  
23 we get that in writing when you clarify according  
24 to my colleagues question about who gets the  
25 benefit?

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MR. MULLIGAN: Yes.

CHAIRPERSON WHITE: Can we have that in writing to this committee so that we know exactly who does?

MR. MULLIGAN: Absolutely.

CHAIRPERSON WHITE: Secondly, I think her request is a reasonable one and that is that maybe in six or nine months from now that we get a report and an update on the progress, the benefits, the liabilities and all of those sort of things. A report to the committee on how well we're doing with the program. But that will be asking too much?

MR. MULLIGAN: I'll pass along that request. As I said that's EDC and I don't want to be in a position for answering for them today. But I will certainly forward your concern and the request.

CHAIRPERSON WHITE: Okay. Well if you give me a letter that you will forward that concern to EDC I will make sure that when EDC appears before us, we ask that question we know that you forwarded our request to them.

MR. MULLIGAN: Certainly.

1  
2 CHAIRPERSON WHITE: Okay? Anybody  
3 else? Okay. I would just like to thank you.

4 MR. MULLIGAN: Thank you.

5 CHAIRPERSON WHITE: All right. I'd  
6 like to call Bettina Dominari, Damiani from Good  
7 Jobs New York. You may proceed.

8 BETTINA DAMIANI: Thank you. My  
9 name is Bettina Damiani and I direct Good Jobs New  
10 York. We're a project of the Fiscal Policy  
11 Institute based here in New York City and in  
12 Albany and in Good Jobs First based in Washington,  
13 DC. We keep track of the city's economic develop  
14 practices and encouraging that when tax benefits  
15 are given to corporations that there is a  
16 guarantee for good jobs for New Yorkers on the  
17 other end.

18 I'd like to take this opportunity,  
19 which we don't always get to do, which is to  
20 congratulate both the city and the state in moving  
21 forward on revising a program that for way too  
22 long was eating up tax dollars without benefiting  
23 most New Yorkers. The new ICAP changes issues  
24 regarding retail. It takes out benefits for power  
25 authorities and a little bit addresses the

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concerns of Midtown real estate development.

We, of course, we have liked to see that benefit not available to large commercial property owners in Midtown Manhattan and having a two year reduction is a step in the right direction. But we would also like to push the envelope and encourage you all as this comes around again in a few years to try and firm that up.

There were a few things, Council Member Reyna, I wanted to reflect on your testimony because so much has already been said about the changes in the program. One is that this has not really been pitched as a jobs program. We encourage the discussion around trying to have a better sense of the jobs that are connected to these benefits.

We watch the IDA very carefully and every month they're giving out tax incentives and tax free financing to firms. In there, there's a better sense of jobs. Every month you will see that there's this company, they promised to create this many jobs and this is what they have now.

While the majority of their

1  
2 projects are smaller businesses and manufacturing,  
3 the bulk of their dollars actually go to very  
4 large firms, most of which are in the news today.  
5 Therefore we think there should be more effort put  
6 on helping those smaller businesses. And while  
7 the applications might be higher, the dollar  
8 should be in that pile, so to speak.

9           This kind of addresses--I don't  
10 know if it's a lack of a cohesive plan but there's  
11 just so many piles of projects and different types  
12 of job incentives that need to be clarified. ICIP  
13 is a big chunk of this city's budget; it's the  
14 most expensive economic development tax incentive,  
15 after 421-A. So trying to get a more cohesive  
16 plan of really where are our tax dollars going,  
17 what type of jobs are being retained and what are  
18 the growth opportunities. I would like to echo  
19 that for you.

20           As we see in the future with our  
21 budget, we have to protect our tax base. If this  
22 project is giving out \$500 million or so a year,  
23 this would be a very good place to start. As far  
24 as we understand, lessees, people that lease from  
25 property owners don't get that benefit and that's

1  
2 one of the things that we've been trying to  
3 grapple with. That just because a property owner  
4 is getting a tax benefit, how is that helping  
5 their tenant and many of them are industrial  
6 firms.

7 So I just wanted to take this  
8 opportunity to thank the Council and the State for  
9 moving forward in reforming this program and look  
10 forward to making it a bit more transparent in the  
11 future. Thank you.

12 CHAIRPERSON WHITE: Any questions?  
13 There being none, I want to thank you very much.

14 MS. DAMIANI: Thank you.

15 CHAIRPERSON WHITE: Mr. Paul  
16 Hubert, Rockaway Employment and Oversight Center.

17 PAUL HUBERT: Good afternoon  
18 council members, Council Member White and Council  
19 Member Reyna. I want to thank Council Member  
20 Reyna for giving very good incisive questions. I  
21 would say you are the spiritual sister of John  
22 Liu, Robert Jackson and a few other members who  
23 hold people accountable.

24 I'm from the Rockaways. This is  
25 all the way out in Queens. I've read reports; we

1  
2 have a 30% unemployment rate out there. During  
3 the Great Depression, nationwide the unemployment  
4 rate was only 25%. We have blocks of storefronts  
5 and space in Far Rockaway. The entire Rockaway  
6 Beach Boulevard, which is over five miles long  
7 from 116th Street to Far Rockaway, is one entire  
8 New York Empire Zone.

9 I'm here on behalf of the Rockaway  
10 Employment Oversight Center. We've been providing  
11 jobs for construction. Alex will take people to a  
12 construction job, get them a job as a laborer and  
13 not at \$8 and not at \$10 a hour. A living wage is  
14 \$15, minimum. Alex is a member of Local 79 and he  
15 believes in the living wage.

16 I've been very much disappointed  
17 when I saw an ad in the City Hall paper, full page  
18 ad from many non-profits stating they don't want  
19 to hire living wages, they don't want to hire  
20 Union people. They don't want to give us  
21 benefits, health benefits. They want to pay us  
22 \$10 an hour. You can not have an apartment on \$10  
23 an hour not \$900 a month and feed yourself at \$5 a  
24 meal, provide car fare even with an unlimited  
25 Metro Card. Im talking real facts here sir.

CHAIRPERSON WHITE: May I ask you a question please?

MR. HUBERT: Sure.

CHAIRPERSON WHITE: Are you talking about the ICIP program and ICAP program?

MR. HUBERT: Yes.

CHAIRPERSON WHITE: Okay.

MR. HUBERT: I am wanting the Rockaways to benefit from it as much as possible. Also, Diane asked about small businesses, whether the store owner can benefit from the program as much as the building owner. I think being 60% of all jobs are provided by small business, we have enough franchises in this city. We need to protect the mom and pop business, the one that's been there 20 years.

60% of all employment is supplied by small business; not corporations. But we need to help out the store owner, the person who's trying to get a part of the American Dream. We need to have the law balanced so that the store owner can benefit as well as the corporation who owns the space.

I've seen where the latest idea to

1  
2 save money is for the store owner to actually  
3 purchase the storefront and then pay a maintenance  
4 fee to the building owner. This is one way that  
5 they can save money. I've seen this on the  
6 Stoller Report on cable concerning how large  
7 franchises are able to save money. But the mom  
8 and pop doesn't have the money to buy the actual  
9 storefront.

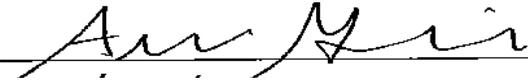
10 It only benefits franchises and  
11 nationwide corporations, which we're familiar. I  
12 don't want to name them because that would be  
13 putting pressure on some very well known chains,  
14 coffee stores and other retail outlets, which are  
15 franchises which have the money to actually  
16 purchase the storefront and use it for 20 years or  
17 whatever.

18 I try to be as educated as I can.  
19 I try to be fair. Any questions, sir?

20 CHAIRPERSON WHITE: Thank you very  
21 much. Are there any more witnesses? There being  
22 none, I'll keep the record open for about another  
23 half hour. The meeting stands adjourned. Since  
24 the record is open I would like to acknowledge my  
25 colleague, Councilwoman Tisch James.

C E R T I F I C A T E

I, Amber Gibson, 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 \_\_\_\_\_  \_\_\_\_\_

Date September 25, 2008