



THE CITY OF NEW YORK  
OFFICE OF THE MAYOR  
NEW YORK, NY 10007

**TESTIMONY OF  
TOKUMBO E. O. SHOBOWALE,  
CHIEF OF STAFF TO DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT,  
ON INTRO 18-A**

**BEFORE THE NEW YORK CITY COUNCIL  
COMMITTEE ON FINANCE**

MAY 11, 2010

Good morning, Chairperson Recchia and members of the Finance Committee. I am Tokumbo Shobowale, Chief of Staff to Deputy Mayor for Economic Development Bob Lieber. On behalf of the Deputy Mayor, I would like to thank you for the opportunity to testify before you on Introductory Number 18-A, a bill that would amend the Administrative Code in relation to prevailing wages.

As a threshold matter, the creation of good jobs for the residents of New York City is a critical component of this Administration's economic development strategy. While perhaps well intentioned, Introductory Number 18-A would make it more difficult for small businesses and industrial firms to open and locate in the City. It would also reduce the City's ability to create and incent the development of affordable housing, make it more difficult to support cultural institutions, and would make it more difficult and more expensive to find and lease space to expand support services provided at day care and senior centers for the most vulnerable New Yorkers. Now, more than ever, we need to support both the creation of new businesses and jobs and the strengthening of our city's social safety net. This bill would add additional challenges to already overburdened entities and as such, the Administration does not support Intro.18-A.

There are two general areas of concern for the Administration that I will discuss today.

First, this bill would make the City a less desirable tenant, hampering our ability to negotiate leases, driving up costs for small- and medium-sized property owners at a time when they are least able to handle it and, in turn, driving up costs for the taxpayers who ultimately pay for City leases. In addition, this bill would also hamper the City's ability to use a City tenancy as an economic development tool.

Second, the bill would raise costs significantly for the beneficiaries of City financial aid. These third parties seek support from the City *because* they are already overburdened and overstretched.

Additional costly requirements would either result in fewer dollars going towards services and thus fewer New Yorkers supported through these institutions, or the City would be required to provide a larger subsidy to cover the additional costs created by this bill.

Both areas are critical concerns for the City, and I will expand upon each of them.

### Tenancy Issues

The Department of Citywide Administrative Services contracts for over 23 million square feet (23,085,375) of office and non-office space. Non-office space includes over 100 day care centers and senior citizens centers. If passed, this bill would impact on leases affecting over 22.5 million (22,628,098) square feet. I note that more than two-thirds of these are located outside of Manhattan.

The bill would make City tenancy a much more expensive prospect, and while certainly some of the buildings in which the City already holds existing leases may already employ workers at the contemplated wage rate, for those buildings that do not, City tenancy would drive operation costs much higher. Those costs would, in turn, be passed to the City taxpayers who ultimately fund the

City's lease costs. In addition, because the bill applies to the entire building even where the City occupies only a portion of the property, landlords will pass along the total cost of these expenses to the City, making the City's rental cost disproportionately higher than other rentals.

By driving up building expenses and adding an additional administrative reporting burden, the bill would create a significant disincentive for private sector landlords to enter into leases with the City. Even if the City were able to somehow require landlords to pay direct hires a prevailing wage, there are many services for which owners enter into contracts. Extending this requirement to contractors and making the landlord responsible for the compliance of its contractors makes City tenancy even less attractive. The bill also would create a far greater possibility that the landlord may have difficulty getting or extending a mortgage, not only because of the extensive additional costs and reporting that would be built into a City lease, but also because of the specter raised by the possibility of a landlord or one of its contractors not complying with the bill.

Moreover, higher building expenses translate into lower property tax revenues for the City. The Department of Finance collects more than \$14 billion dollars annually through property taxes. Under State law, the majority of buildings covered by Intro. 18-A are valued using the income approach which considers the buildings' operating expenses in reaching a calculation of value. Because this bill would drive expenses higher, the overall value of the building will be lower – and thus the assessed property taxes assessed to the property will be lower as well, resulting in significantly lower revenues to the City. Not only are costs driven up significantly, but the bill's additional reporting requirement would be onerous and difficult for property owners who are already overburdened.

In addition to leasing private space to house essential services, the City uses tenancy as an economic

development tool. The City serves as a catalyst for private investment in areas that need an "anchor tenant" -- that is, the first pioneering tenant to move to an area -- in order to attract additional tenants. For example, since the City announced that the Department of Health & Mental Hygiene would move to Long Island City, there has been additional investment in the retail, residential and office sectors in that neighborhood. Moreover, in many locations City tenancy is a critical anchor in order to help building owners access financing to support an entire development project. By creating a disincentive for landlords to house City entities, this bill would render one of the City's most powerful economic development tools far more difficult to use.

### *Impact on Beneficiaries of City Financial Assistance*

The City uses financial assistance -- in the form of subsidies and incentives - to support small businesses and not-for profit entities, to create affordable housing and supportive housing, and to fund child care centers and senior citizen facilities. These third parties are already overburdened and overstretched when they seek support from the City. Additional costly requirements would result in either fewer dollars going towards these supports and therefore fewer New Yorkers benefiting from these services, or increased subsidies from the city in order to cover the additional costs established by this bill.

The New York City Economic Development Corporation (EDC) provides direct assistance to local employers through different types of assistance such as tax abatements, energy savings credits and other financing tools. The New York City Industrial Development Authority (IDA) is the entity that extends tax exemptions and abatement programs to support the City's industrial and light manufacturing sector. Without a doubt, small businesses and industrial firms are the beneficiaries of economic development benefits most likely to feel the impact of this legislation.

Businesses that approach the IDA for financing assistance are often those least likely to access support from other more traditional lenders. Moreover, they tend to be small in size and thus least likely to be able to absorb the additional costs associated with compliance.

Since 2002, the IDA has closed 329 transactions with a total private investment of \$11.8 billion. More than half of these deals were closed with businesses with fewer than 20 employees. Because the requirements of Intro. 18-A would drive up building operating costs, there would be a smaller pool of landlords willing to house these firms. Furthermore, those landlords willing and able to do business with City-funded groups will charge a higher rent. In order to meet these higher rent requirements, the entity requiring help from the City would actually need even *more* support. Additionally, Intro. 18-A would create an onerous reporting mandate that would require recipients of financial assistance to have access to their landlord's detailed and sensitive employee records. This requirement makes it even less likely that property owners would be willing to lease space to small companies receiving City assistance. It is critical to remember that the firms that turn to the City are those that require support in order to grow and create jobs. This legislation would make it much more difficult for the small manufacturing and industrial businesses that are so important to the City's economy to access the City's business assistance programs in order to grow and create jobs.

If the bill were adopted, the City would also need to significantly increase its subsidy for the creation of affordable housing without increasing the number of affordable units produced. The New York City Department of Housing, Preservation, and Development (HPD) underwrites developments to control maintenance and operating debt, so that tenants are able to keep affordable properties appropriately maintained. To do so, HPD has a portfolio of programs that utilize a combination of owner equity, government subsidy and tenant rental payments. If operating costs rise, building upkeep becomes

more expensive, which may lead to property deterioration, higher rents/less affordability, or a need for greater government subsidy. In fact, one of the City's loan programs, Article 8A, specifically does not include bank financing thus the only way to underwrite these projects would be to increase rents – sometimes to unaffordable levels. Given the economic climate, this would occur exactly when owners, tenants, and the City are least able to absorb higher costs.

Because the bill is written to be applied broadly, all City tax incentive and loan programs would be subject to its requirements. One such loan program is the Article XI tax incentives, a complete or partial real property tax exemption that may be extended for up to forty years. Since January 2009, the City Council has approved 24 Article XI tax exemptions for a total of 2,876 units of affordable housing. Intro 18-A would also apply to HPD-controlled Section 8 vouchers. HPD administers more than 33,000 housing choice vouchers allocated by the Federal Government. We are currently over 99% capacity. Buildings with tenants that receive Section 8 vouchers would see an increase in operating costs as a direct result of this bill.

Moreover, Intro. 18-A would adversely affect Reso A funds which many Council Members and Borough Presidents provide to agencies in order to augment funds to assist in the creation or renovation of affordable housing units in their districts. Currently, there are nearly 230 projects receiving \$130 million in HPD's capital budget. Projects across the City that are funded through Reso-A would be subject to significantly higher building expenses, resulting either in a higher required subsidy or higher costs for tenants.

Facilities managed by the City's social service agencies support our most vulnerable populations. This bill would make it even more difficult to site shelters and other support facilities, by driving up costs and creating an even more onerous reporting structure than that which already exists. These

facilities are already extremely difficult to site, and adding challenges would only make it more difficult for the City to provide critical services at a time we need them most.

Finally, there are over 214 cultural not-for-profits organizations, 110 day care facilities and dozens of senior facilities receiving financial support that would be impacted by the requirements of this bill.

These facilities are often co-located with non-City entities. The additional requirements outlined in the bill would drive costs higher, requiring either a cut in services or an increased subsidy from the City.

In addition to the specific problems I have identified, I would like to highlight several legal issues that are raised by the bill.

A major concern is that the bill would interfere with powers vested in the Mayor under the New York City Charter. As a general matter, the Mayor determines the terms and conditions underlying the acquisition of real property. The City Charter establishes a process that addresses the City's leasing of real property, including the acquisition of office space. While land use decisions are subject to ULURP and, for office space, Section 195 of the Charter, the business terms and the parties with whom the City enters into leases are left to the Mayor.

This bill seeks to limit both the parties with whom the City will do business and the terms under which such business is done, and as such infringes on the powers allocated to the Mayor's Office through the Charter. Similarly, the bill would improperly expand the role specified for the Comptroller through the Charter by providing the Comptroller enforcement rights that infringe on the Mayor's ability to administer agreements and to determine with which parties to enter into agreements. The Charter designates the Mayor, not the Comptroller, as the virtually exclusive authority for making such

decisions. A deviation from the roles outlined in the Charter for the Mayor and Comptroller cannot be accomplished simply through a local law. It requires a referendum by the voters.

Key provisions of the bill would also apply to organizations in a manner in which the City is preempted by State law from regulating through legislation. For example, the bill covers a number of public authorities, public development corporations and numerous not-for-profit entities which are subject to State but not City legislation. Moreover, many of the financial assistance programs the City relies upon, such as tax incentives that are granted as-of-right to eligible tax payers, are enabled by State or Federal legislation. The City cannot condition the receipt of the benefits through additional conditions not authorized by the State or by federal enabling law.

Of further concern is that the prevailing wage requirement that this bill would impose could have such a wide application that the requirement essentially amounts to a minimum wage, a subject matter reserved to the State. Attempts by the City to impose minimum wage requirements have been proscribed by the State's highest court. The bill also seeks to cover all recipients of "financial assistance...from the City for economic, community development, job growth, *or other purposes.*" It is not clear whether "other purposes" means every time the City makes a cash payment to anyone, such as a public assistance recipient, or whether it is limited to some concrete set of circumstances. In addition, the bill attempts under certain circumstances to cover all buildings in which a recipient of financial assistance operates even where the City is providing a very limited amount of financial assistance over \$10,000.

There is no question that issues of prevailing wage, job creation and strengthening the social safety net are critical to the fabric of this City. In fact, on April 16, 2010 EDC announced the commencement of a wage study that will examine the impact and implications of wage mandates on the City's economy.



We expect this study to be completed in early 2011. We owe the city's working women and men the benefit of a careful and comprehensive review of these issues that will be accomplished by this study before rushing to adopt solutions that in fact, would do unintended damage.

Thank you for the opportunity to discuss this important topic with you today. I'm happy to answer any questions you may have.

FOR THE RECORD

Testimony in Opposition to  
City Council Intro 18

New York City Alternative to Incarceration / Reentry Programs

Center for Alternative Sentencing and Employment Services  
Center for Community Alternatives  
Center for Employment Opportunities  
Fortune Society  
Legal Action Center  
Osborne Association  
Women's Prison Association

May 11, 2010

Presented by Joel Copperman  
Chief Executive Officer  
CASES

My name is Joel Copperman and I am the CEO / President of CASES.

I am testifying today on behalf of the seven organizations that comprise the Alternative to Incarceration/Reentry Coalition. In addition to CASES, the other members of the Coalition are Fortune Society, Legal Action Center, Center for Community Alternatives, Osborne Association, Center for Employment Opportunities and Women's Prison Association.

The ATI/Reentry organizations provide a myriad of services to thousands of individuals throughout the City of New York who have come into the criminal justice system. We help to reduce crime and break the cycle of incarceration, while saving tax dollars and communities. The ATI members are funded by Federal, State and City dollars and consequently would meet the definition of "financial assistance recipient" as proposed in Intro 18.

Intro 18 requires that all financial assistance recipients certify that individuals performing building service work (including window cleaners, janitors, porters and others) in the building in which the ATI organization is located be paid prevailing wages as determined by the City Comptroller. The legislation requires that each financial assistance recipient provide an annual certification that includes "the name and address of the employer along with copies of records indicating the days and hours worked and the wages paid and benefits provided to each employee."

The ATI/ Reentry Coalition is opposed to this legislation. In most cases compliance is impossible and in those cases where one of our organizations does employ building service employees this legislation would eliminate the ability of the organization to employ clients for whom we are providing critical employment related services.

Take for example The Fortune Society. Fortune Society operates at several NYC locations including Long Island City and Harlem. Fortune both leases and owns the facilities in which it operates. For its leased facilities, building related services are provided by the landlord and Fortune has no knowledge of and is not privy to landlord employment information. And at Fortune owned facilities, such as The Castle in Harlem, Fortune employs its clients in many of these building service capacities listed in Intro 18 so as to provide critical on the job experience and to enable our clients to re-enter the workforce arena. All Fortune employees are paid above minimum wage and with appropriate benefits, but prevailing wage rates will, in many instances, raise the bar above that which is affordable to The Fortune Society. Without these jobs, those who are seeking to get their lives back in order and to become productive members of society will once again be relegated to the most menial of jobs.

The Center for Alternative Sentencing and Employment Services (CASES) operates in leased facilities at several locations. Their main headquarters, at 346 Broadway, are located in a City owned building. CASES has no way of ascertaining the wages provided to the various workers in the building and would not be in a position to certify that prevailing wages were paid to the various types of workers enumerated in

Intro 18. And, we can only assume that the City will not be forthcoming with the required information or that all the listed categories are those for which prevailing wages have been or will be established.

The Legal Action Center occupies only a small fraction of the total space at 225 Varick Street which is owned by a private landlord. Legal Action pays rent on a monthly basis and in return receives traditional office building services including building cleaning and security. These services are provided by employees or contractors of the landlord and Legal Action is not privy to any wage or benefit information. But to the extent that Intro 18 gives building employees the right to seek significant wage increases and back pay, those costs will be passed on either in whole or in part by the landlord to the tenants, including Legal Action. Landlords will think long and hard before they rent space to any organization that is the recipient of City funding.

Similar examples apply to all members of the Coalition and we would think to the vast majority of not for profits located in the City of New York.

The intentions of the Intro 18 may be honorable but the legislation is overly broad and costly. Furthermore, in the vast majority of instances compliance is simply impossible but the penalties for not complying are severe. We urge the Council to reject this legislation.

# 32BJ



# SEIU

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TESTIMONY ON THE GOOD JOBS BILL

INTRO 18

Tuesday, May 11, 2010

Kevin Doyle

Executive Vice President

SEIU Local 32BJ

Good morning members of the New York City Council. My name is Kevin Doyle, and I am the Executive Vice President of 32BJ, the largest private sector union in New York City. Thank you for the opportunity to testify in support of Intro 18 today. 32BJ has over 65,000 members in New York City who as doormen, superintendents, office cleaners, handypersons, and security officers perform vital roles in maintaining the homes and workplaces of New Yorkers.

Members of the City Council, our City government should not be in the business of subsidizing jobs that keep families poor. But that is exactly what happens when taxpayer-funded subsidies are given to businesses that create poverty-level jobs. The Good Jobs Bill before you today enacts enforceable job standards so that employers benefiting from economic development incentives are required to pay their building service workers the prevailing industry wage. It also makes certain that when the City leases space, building service workers are paid the prevailing wage. This bill will ensure that hard working people like Alba Vasquez and Elpidio Sanchez, who you will hear testify later today, are able to earn incomes on which they can truly support their families. The Good Jobs Bill is also important public policy to avoid a piecemeal, project-by-project approach to enacting job standards on city development.

As you know, New Yorkers are struggling; seizing opportunities to pay workers decent wages is especially critical in these strained financial times. Housing prices, rent, and the overall cost of living continue to rise, while over the past twenty years, wages in New York have stagnated and household resources have grown leaner and leaner. To support their families, many hard-working New Yorkers are forced to depend on public programs for food, housing and health care. A full-time worker who spends their day cleaning up after tenants, maintaining a safe environment for staff, and performing activities central to the upkeep of a building should go home with a paycheck that will enable them to pay rent, buy groceries, and take care of basic necessities. Unfortunately, the benefits of taxpayer-funded economic incentives are still solely going to employers, and the City's taxpayers are picking up the slack.

As communities struggle through this difficult economy, businesses are getting millions of dollars in subsidies to create jobs, without a promise in return that the jobs created will be good jobs. A business model that allows employers to attain city subsidies while undercutting prevailing wage rates for building service workers is a flawed model; it fails to align economic development goals with successful outcomes for both businesses AND communities.

The notion of tying economic development incentives to good jobs is not a new one. Over the past few years, 32BJ has fought and won wage standards for building service workers on a number of New York City developments. Hundreds of workers at developments from Coney Island to Willets Point to Greenpoint-Williamsburg will benefit from good jobs with benefits that allow them to raise families and live in our city. In each of these instances, the role of government in the development process created tremendous leverage to ensure the creation of good jobs. This bill will go further by creating a consistent citywide standard.

In considering the benefits of the Good Jobs Bill, it is important to look at examples outside of New York City. Evidence from cities such as Los Angeles, Detroit, Baltimore, and Santa Fe, to name a few, shows that where governments have attached wage standards to subsidies, it has rarely been at the expense of local development. Officials from cities that enacted wage standards on economic development have reported that this tool has allowed them to target their investments in such a way as to avoid hidden public costs, while raising workers out of poverty and investing in jobs.

Recently, Pittsburgh passed the country's most comprehensive citywide policy mandating that building service, hotel, food service, and grocery workers at City subsidized economic developments earn the prevailing wage. What happened in Pittsburgh is notable in its scope and should be an example for New York City to follow.

Not only is New York behind other municipalities in enacting policy to apply job standards to economic development incentives, but data from the Institute of Real Estate Management shows that New York City lags behind the nation in the proportion of building service worker salaries to total building operating costs. When you look at the commercial real estate market across the country, the costs of building service workers is approximately 8% higher than it is in New York. For many companies that receive City funding, the additional wage and benefits paid to building service workers under the Good Jobs Bill will amount to less than 1% of operating expenses. For pennies on the rental dollar, building owners can make a real improvement in their worker's standard of living, at almost no cost to themselves.

Paying workers a wage consistent with the industry standard clearly benefits workers, but is also often in the best interest of employers. Since the prevailing wage is the industry standard, ensuring it as the baseline for building service worker compensation will attract a workforce with the skills that are up to industry standards. Similarly, since employers will no longer be able to undercut the prevailing wage rate, workers will have less of an incentive to pursue positions with higher paying employers, reducing turnover and the costs associated with new employee recruitment and training.

In closing, I ask the Council to stand behind the principal that the government should never be in the business of subsidizing poverty level jobs. Upholding this principal means advancing the Good Jobs Bill so that economic development projects and city leases create the types of jobs that can truly sustain New York City's families. 32BJ appreciates the Council's leadership on this issue, and urges you to pass this legislation through committee and through the full Council as soon as possible. Thank you.



LA UNIÓN HACE LA FUERZA  
THE COMING TOGETHER OF  
LATIN AMERICAN INTEGRATION CENTER  
AND MAKE THE ROAD BY WALKING

FOR THE RECORD

**Testimony of Andrew Friedman**  
***Co-Executive Director of Make the Road New York***

Good morning. My name is Andrew Friedman and I am the Co-Executive Director of Make the Road New York. Our organization is driven by more than 7,000 members from over twenty different countries. We work to build community and catalyze broad-based policy changes through advocacy and legislation. I speak to you today on behalf of our members who stand among those New Yorkers that would benefit from this bill. Thank for this opportunity to testify in favor of the Good Jobs Bill.

The gap between the rich and the poor is at an all-time high in New York City. In 2005 low-wage workers made only two cents for every dollar earned by those at the top of the economic ladder. Close to half of the families living in poverty in our city are working families. I am here today to send the same message as the workers who are testifying today: not every job is a good job, and not every job will give workers the wages and stability they need to raise family and thrive in our city.

Minimum wage jobs pay less than the minimum required to support a family in New York City. Low wage jobs hurt workers, hurt families, and hurt our communities. In Queens 34% of workers have low wage jobs. In Brooklyn, the percentage of workers with low wage jobs is 32%. This means that a third of all workers in Brooklyn and Queens might need to take a second job just to be able to care for themselves and their families. And this means that these workers may need to rely on taxpayer funded public services, and have very little money to spend and circulate in their communities.

We believe that New York City should do everything within its power, including leveraging its financial power, to ensure that we are creating good jobs. Instead of subsidizing developers and businesses that create poverty wage jobs, we should invest in our city and in our workforce by ensuring that our taxpayers' dollars support the good jobs New Yorkers desperately need. Make the Road NY strongly supports the passage of the Good Jobs Bill.

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Remarks by Pittsburgh City Councilman Bruce A. Kraus before New York City Council Finance Committee (Tuesday May 11, 2010)

Good morning Honorable Members of Council, it is indeed an honor and a privilege to appear before you today to share with you, first hand, my experience with the passage of "prevailing wage" legislation by Pittsburgh City Council, earlier this year. As one of a nine member council, representing the third council district, I am in my third year as an elected.

I would particularly like to recognize the efforts of Councilwoman Melissa Mark-Viverito and all cosponsoring council members with the courage and care for the everyday workers of our world in bringing this extremely important and timely legislative piece forward for consideration.

Over one-in-five working families, with children, in New York City, lives in poverty.

One in three workers makes less than \$24,000.

While at the same time, New York City, like Pittsburgh and many other municipalities, spends hundreds of millions of dollars each year on subsidies for economic development projects that create poverty-level jobs that ultimately serve to rob service workers of

the basic human dignity of providing for their loved ones; that being, owning their own home, sending their kids to college, feeling secure about their retirement after a lifetime of hard work, and having appropriate healthcare. What I was raised to believe was “The American Dream.”

But, for the vast majority, “The American Dream”, I learned of as a young boy, now in my adult years, is slipping away at an alarming rate.

One major reason for this decline is the continuous use of tax dollars that should be used to generate economic development that creates family–sustaining jobs, pays a prevailing wage, offers affordable healthcare, strengthens the middle class and enables low income families to advance. Instead, these funds are being used to create poverty level jobs that perpetuate the erosion of living standards and perpetuate a downward social spiral. Yes people want jobs, need jobs, but they want jobs that will uplift them, and their loved ones, to their highest and best purpose.

For some time now there has been a growing national movement by city councils like you, to adopt “good jobs” standards for their economic development programs, ensuring that when cities invest

taxpayer funds, they do not promote poverty and further government subsidy. Pittsburgh City Council recently took such action to ensure that our workers who are employed by publicly subsidized development, are not forced to live in subsidized housing, feed their families with subsidized food, or to insure their children with subsidized healthcare. We wish to send the message "that if you work hard and play by the rules you won't be poor."

Pittsburgh's new ordinance is the first multi-industry law in the nation and amends our city code to require recipients of subsidies, of over \$100,000, to pay grocery store workers, hotel workers and building service workers, in large developments, the market rate for their work. It guarantees hotel, grocery-store and custodial workers a prevailing wage defined as "the average earned by people doing the same job, elsewhere, if their employers receive tax subsidies." Pittsburgh's ordinance also covers workers in City service contracts, such as the security guards who work within our City-County building, and, in that regard, is similar to the legislation currently under discussion here.

Just a few days ago, Allegheny County, the second largest county in Pennsylvania, passed prevailing wage by a vote of 10-4, and County Executive, and Pennsylvania gubernatorial candidate,

Dan Onorato, has promised to sign it into law. This gives me great hope that providing for "the least among us" could one day be the standard, state wide, because of our initiatives.

Initial opposition to the ordinance argued that it would drive development outside the city. That has not been the case, instead we expect that mandating a prevailing will allow high-road employers already paying the market rate to become even more competitive.

Pittsburgh's efforts to bring job equity to our working class was focused not only on protecting struggling families, in a less than favorable economy, but, also, in protecting developers and employers who understand their responsibilities, and are committed to creating family sustaining jobs, from being unfairly undercut by those who do not have the best interests of workers and their families at heart. Though some would argue otherwise, recent studies have shown that when employment levels and perceptions of "business climate" in cities that have adopted wage standards for economic development programs with those that have not, are compared, no evidence existed that these policies led to job losses, slowed business growth or otherwise harmed perceptions of the business climate in the cities that adopted them. (1)

The question really is — how can we justify giving tax breaks to developers who don't pay workers the going rate?

Sound economic development policy benefits all, when it is geared toward building the middle class, by ensuring that newly created jobs do not undercut the private-sector prevailing wage. For years now, Pittsburgh has required developers, who receive public subsidies, to pay going-rate wages to the construction workers who build their developments. Contrary to what naysayers would have you believe, this requirement has not deterred development. What it has deterred is the poverty and serial hopelessness that ensues when cities allow newly created jobs, provided by developers using public funding, to pay barely more than the minimum wage.

Gabe Morgan, Western Pennsylvania director of 32BJ SEIU, and Tony Helfer, president of United Food and Commercial Workers Local 23 in a local Post-Gazette op-ed piece summarized the gains we made for service workers in Pittsburgh:

“No one is getting rich on these wages, but with...steady paychecks workers can feed their families and pay their rent without depending on public programs, as low-wage workers and their families often do.

Working people in Pittsburgh don't want a handout; they want a decent wage for their hard work and fair use of their tax dollars...if the city continues to allow developers who receive handouts to undermine the business standards that have already been set, we will all lose out on what could be a resurgence of our middle class."

So, I call on you, the Council of New York City, to join our ever-growing coalition of government, labor and faith leaders, working to end the downward spiral of poverty and dependence, by sowing the seeds of self sufficiency, independence and self respect. We are seeing the fruits of our labor in Pittsburgh, and what you will produce here, can and will have a deep and profound effect on the quality of life of the everyday working men and women and their families throughout all of New York City.

"Poverty often deprives a man of all spirit and virtue; it is hard for an empty bag to stand upright" Benjamin Franklin.

1 T. William Lester , The Impact of Living Wage Laws on Urban  
Economic Development Patterns and the  
Local Business Climate: Evidence from California Cities (Univ. of  
Calif.-Berkeley, Working Paper Series,  
Institute for Research on Labor and Employment, Sept. 10, 2009),  
available at

[http://repositories.cdlib.org/cgi/viewcontent.cgi?article=1190&context=i](http://repositories.cdlib.org/cgi/viewcontent.cgi?article=1190&context=ir)  
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To: Chairman Domenic M. Recchia, Jr. and Members of the Committee on Finance of the New York City Council  
From: Alison Badgett, Executive Director  
Date: May 11, 2010  
**Re: Proposed Introduction 18-A**

Thank you Chairman Recchia and Members of the Committee on Finance for the opportunity to testify on Proposed Introduction 18-A, which would require buildings and non-profits that receive financial assistance from the City – including affordable housing projects - to pay prevailing wages to all building service employees.

My name is Alison Badgett, and I am Executive Director of the New York State Association for Affordable Housing (NYSFAH). Formed in 1998, NYSAFAH is the trade association for New York's affordable housing development community. Our 300 members include for-profit and nonprofit developers, lenders, investors, attorneys, architects and others active in the financing, construction, and operation of affordable housing. Together, NYSAFAH's members are responsible for virtually all of the housing built in New York State with federal, state, or local subsidies.

NYSAFAH opposes Intro 18-A, as it would have a dramatically negative effect on the ability to operate and manage affordable housing. By its nature, affordable housing operates on low rent and little discretionary funds - most of the income generated goes to operating expenses that are essential to maintaining the property. This bill will make financially untenable the adequate maintenance and operation of affordable housing, and could impose a new burdensome compliance bureaucracy. NYSAFAH members provide high quality housing throughout New York City that working families can afford. The high costs and administrative burden imposed by this bill on affordable housing would threaten the ability to maintain safe, decent housing for New Yorkers who need it most.

We recognize that Members of this Committee have been strong supporters of affordable housing; NYSAFAH therefore asks that you consider the harmful impact this bill will have on the ability to provide safe, well-maintained housing that New Yorkers can afford. At a time when resources are constrained, yet the need for affordable housing greater than ever, the New York State Association for Affordable Housing respectfully requests that you oppose Intro 18-A, and for those members who are currently sponsoring the bill, that you remove your name as a sponsor.

Thank you again for the opportunity to testify. NYSAFAH would welcome the chance to discuss further the consequences of Intro 18-A for affordable housing with the Chairman and Members of the Committee.





**Testimony of Carl Hum, President and CEO of the Brooklyn Chamber of Commerce  
on Intro 18-A before the Committee on Finance  
May 11, 2010**

Good morning Chairman Recchia and members of the Finance Committee. My name is Carl Hum and I am the President and CEO of the Brooklyn Chamber of Commerce. We thank the Council for this opportunity to testify on Intro No 18-A.

It was only a matter of days ago that the Chambers of Commerce stood together with the Council leadership and Bloomberg Administration to celebrate the recommendations of the Regulatory Reform Panel to ease costly burdens on small businesses. Yet, here we are today, shaking our heads in collective disbelief over Intro No 18-A which will only pull the plug on economic activity and job creation.

The cost of doing business in New York City is already high enough. In a recent report by the Public Policy Institute of New York State, our state ranks almost dead last - 49 out of 50 states - for business-friendly climate. And according to a report by the Citizens' Budget Commission, local taxes make New York City a particularly high-tax liability locality, more than twice as high as in Westchester County. Intro No 18-A is just another job-killing piece of legislation that will burnish the region's as unfriendly if not hostile to business.

In recognition of these high costs, the City and State created numerous incentive programs over the past several years including the Industrial and Commercial Abatement Program, the Commercial Expansion Program and the Energy Cost Savings Program - to name but a few - to specifically ease the financial burdens of doing business in our region. In fact, many of these incentive programs already incorporate public benefit requirements from program participants ranging from capital investment, job creation and location. Intro No 18-A would only add another onerous, non-negotiated quid-pro-quo that neither the State or City legislatures demanded when the individual incentive programs were first created.

Moreover, with its broad-based, low financial-assistance threshold of \$10,000, Intro No 18-A will affect many small business recipients who sorely need these incentives to survive during tough economic times. For example, under Intro No 18-A, many industrial and manufacturing businesses - a sector that the Council and Administration has taken great pains in assuring its future in New York City - would be adversely affected as financial-assistance programs such as the Energy Cost Savings Program or the Industrial Business Zone Relocation Tax Credit exclusively serves this population. Intro No 18-A is indeed the legislative embodiment of giving with one hand while taking with the other.

In conclusion, the 5 Boro Chamber Alliance respectfully asks this Committee to reject the false promises this bill conveys of equality for building service workers because it will adversely impact struggling small businesses, its employees and clients.



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Testimony of Harold Shultz  
Senior Fellow, Citizens Housing and Planning Council  
Before the Committee on Finance

In Opposition to Intro 18A Establishing Prevailing Wages for Building Service Workers  
in Buildings Receiving Financial Assistance  
May 11, 2010

Good morning. I would like to thank Chairman Recchia and the members of the committee for this opportunity to testify in opposition to Intro 18A, a bill to establish prevailing wages for building service workers in buildings receiving financial assistance from New York City.

I am Harold Shultz, Senior Fellow at the Citizens Housing and Planning Council of New York (CHPC). Founded in 1937, Citizens Housing and Planning Council is a non-profit research organization dedicated to improving housing and neighborhood conditions through the co-operative efforts of the public and private sectors.

Intro 18A, as you know, mandates that buildings that receive financial assistance or in which the city leases space, must pay their building service workers the prevailing wage. While there are obviously serious impacts on the City's space leasing program I will confine my remarks today to the effects on affordable housing.

The first and most important point to make is that the effect of this bill will be to undercut many of the efforts that the City makes to encourage owners to build and upgrade affordable housing. It also piles additional costs on affordable building owners and community groups struggling to keep operating costs, rents and carrying charges affordable to tenants and cooperators. Further it encourages discrimination against tenants who are recipients of Section 8 vouchers.

Why the City would want to do this is hard to understand. Let me give you a few examples of the effects of this bill.

Contrary to what you may think, the "non-profit" exemption in the bill does *not* exempt low income coops, such as TIL coops and buildings owned and rehabbed by community organizations. Such buildings do not meet the definition of exempted non-profit organization set out in the bill. Depending on where they are they will be subject to labor cost increases that for most of the City will be approximately 40%.

The effects of this law are also troubling in regard to Mitchell Lamas. In the last several years we have seen tens of thousands of units of Mitchell Lama housing become market rate housing. Both HPD and HDC have embarked on programs designed to entice owners to preserve these affordable units and to stay in Mitchell Lama by offering low cost loans and tax abatements. Intro 18A will now take back some of the benefit of those programs and serve to weaken the incentives being offered to stay in Mitchell Lama.

Intro 18A also affects buildings that accept Section 8 tenants. As few as two new voucher tenants accepted into a Section 8 recipient building will likely trigger coverage under Intro 18A. This will create an incentive to avoid taking Section 8 tenants. While it's clear that this will affect Section 8 vouchers issued by HPD, it might also affect vouchers issued by NYCHA.

The list goes on. Buildings with tenants that receive Senior Citizens Rent Increase Exemptions are also potentially covered under this bill. Since owners receive a tax abatement to protect low income senior citizens from rent increases, this bill will have the effect of forcing substantial cost increases on building owners that happen to have senior citizens eligible for SCRIE.

The increases will be substantial. Looking at the prevailing wages in effect in New York City under §230 of the New York State Labor Law shows that in many parts of the City prevailing wages will exceed local union wages. For example the prevailing wage for a cleaner/porter in a Class C residential building is currently listed at \$19.09 per hour without benefits. The 32BJ contract for the Bronx sets forth a rate of \$11.00. Thus we could have two buildings in the Bronx, one a tenant owned low income coop that had gone through the City's Third Party Transfer program and received a tax abatement and the other a private for profit building receiving no tax benefits. Intro 18A would mandate that the tenant owned low income coop pay 40% more for labor costs than the private for profit building. This result seems contrary to our effort to create and support low income housing.

Over the last 50 years, the City has built programs designed to encourage the upgrading, rehabilitation and preservation of affordable housing. Starting with the J-51 program in the 1950's, proceeding on to loan programs developed in the 1970's, rehab programs designed to rebuild the City in the 80s and 90s and programs in the current decade to build housing for persons with special needs and to preserve affordable housing, the City has carefully designed its loan, tax abatement and grant programs to provide the subsidies necessary to keep housing affordable. It also provides loans and tax abatement to low income coops that come through the Tenant Interim Lease program, as well as loans and tax abatements for buildings that are redeveloped by local community groups and for profit developers. In each of these cases financial assistance is provided by the City specifically to keep rents affordable. Intro 18A captures all of these programs and weakens or neutralizes them.

We think that is not the policy the City should adopt. For these reasons we are opposed to the enactment of Intro 18A.



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**Testimony of George Sweeting**  
**Deputy Director of the New York City Independent Budget Office**  
**Before the New York City Council Finance Committee**  
**On the Prevailing Wage Bill (Intro 18)**

**May 11, 2010**

Good morning Chairman Recchia and members of the Finance Committee. I am George Sweeting, Deputy Director of the New York City Independent Budget Office. Thank you for the opportunity to offer this testimony regarding Intro 18.

This legislation would require companies and organizations receiving financial assistance from the city or leasing space to the city to ensure that building service workers in the affected buildings are paid the prevailing wage. I will leave discussion of the prevailing wage requirement to others. We were also unable to get information from Department of Citywide Administrative Services in time for this hearing about the size and cost of spaces leased by the city and when current leases are up for renewal. Therefore, my remarks will focus on the financial assistance aspects of Intro 18. Since the requirement would only apply to new financial assistance, IBO has estimated the number of new beneficiaries of economic development or property tax benefits that would be expected to be subject to the provisions of the law each year. In short, we estimate that there are about 2,400 new instances of financial assistance each year that could be subject to the prevailing wage requirement.

The bulk of the buildings that would be covered by Intro 18 would be those owned by or landlords of firms receiving financial assistance from the city. As defined in the Intro this includes cases where firms receive tax exemptions or abatements, and other forms of cash payments or reduced fees. I will briefly discuss these broad categories.

**Property Tax Exemptions.** Companies or organizations receiving an array of property tax exemptions would be subject to the prevailing wage requirement for the building service workers in the buildings they operate in, effective with their first new or renewed lease after enactment of the law. IBO found that about 2,300 new property tax exemptions that would potentially make developers subject to the new requirement were granted, on average, each year under these programs from 2005 to 2009.

Housing development exemptions account for 72 percent, or about 1,600, of such property tax exemptions each year (counting exemptions for condominiums on a building rather than a unit basis). New exemptions for housing have grown during the recent boom, at an average of 9 percent a year, from 1,400 new exemptions in 2005 to about 2,000 in 2009. Given that the city

was in a real estate boom during much of this time, this number probably overstates the number of new exemptions likely to be experienced in a calmer real estate market.

The largest program is 421-a, with an average of 920 new exemptions a year. Some 421-a recipients are already required to pay prevailing wages under the revisions to the 421-a program enacted in 2007, however, based on quick analysis of new buildings receiving 421-a from 2005 to 2009, roughly 90 percent were exempt from the prevailing wage requirements in the 2007 legislation because the projects had fewer than 50 units. Intro 18 would extend the requirement to the developments that had been exempted under the 421-a legislation because of building size or affordability.

About 200 new exemptions are granted each year through affordable housing programs and other initiatives managed by the city's Department of Housing Preservation and Development. In many cases the developers involved with these programs are not-for-profits. Although included in our total number of exemptions, we could not estimate how many might be exempt from the new prevailing wage requirement.

The city grants an average of about 640 new as-of-right commercial development property tax benefits annually through the Industrial and Commercial Abatement Program (ICAP) which is replacing the older Industrial and Commercial Incentive Program. It is likely that most such beneficiaries would be subject to the new prevailing wage requirement.

***Non-property Tax Economic Development Benefits.*** The city also has a variety of smaller programs that provide benefits, often against business income taxes, commercial rent tax, or utility payments, for companies relocating to or staying within the city. One such program, the Relocation and Employment Assistance Program (REAP) offers a \$3,000 refundable credit against business income taxes per employee relocated. IBO estimated that the city grants REAP to about 20 new companies each year.

Many of the benefits enumerated in the bill are often part of deals negotiated between the Economic Development Corporation (EDC), the Industrial Development Agency (IDA), and the Capital Resource Corporation. IBO drew on the Local Law 48 reports of economic development benefits to estimate how many new benefit deals are granted yearly. From 2001 to 2008, there was an average of 60 deals a year. For the same period, IBO found that there were, on average, 61 new property tax exemptions granted by EDC or IDA.

***Number of New Beneficiaries.*** Overall, excluding the programs likely to have many beneficiaries that are not subject to the prevailing wage requirement, IBO found that on average about 2,400 new financial assistance benefits are granted each year. This is an outside estimate of the number of cases where a building's service workers would become newly subject to the prevailing wage requirement. A company or a building can receive more than one property tax exemption making some double-counting likely. In addition, some of the buildings almost certainly already have unionized building service workers; something we could not measure.

## **Geographic Distribution**

The geographic distribution of the recipients of these exemptions granted each year is helpful when considering the possible effects of Intro 18. The rate of unionization among building workers in the city is not consistent across the boroughs and the costs of requiring prevailing wages in buildings in neighborhoods outside Manhattan, where many of these incentives are targeted, may differ from the effects of requiring prevailing wages in a Manhattan office building.

Looking at all new exemptions from 2005 to 2009, IBO found that 49 percent of housing exemptions are in Brooklyn, 20 percent in Queens, about 18 percent are in Manhattan and 13 percent in the Bronx (there are very few multifamily housing exemptions granted in Staten Island).

As with housing, about 40 percent of new EDC/IDA tax expenditures are for buildings in Brooklyn. About 22 percent of EDC/IDA property tax exemptions are for buildings in Manhattan. The remaining EDC/IDA exemptions are split between the boroughs, with about 15 percent in Queens, 14 percent in the Bronx and 8 percent in Staten Island. Economic development property tax benefits are distributed somewhat differently; a function of the exclusion of most of Manhattan from ICAP. About one-third of the exemptions are in Brooklyn and another third are in Queens, followed by 12 percent in the Bronx, 11 percent in Manhattan, and 10 percent in Staten Island.

Thank you for the opportunity to testify this morning. We also have a few suggestions for clarifying certain provisions in the Intro that we would be happy to discuss with the committee staff. I would be glad to answer any questions you may have at this time.



**Gerald Smith**

**Testimony on The Good Jobs Bill (Intro 18-2010)**

**New York City Council- Committee on Finance**

**11 May 2010**

Thank you Chair Recchia and to the City Council Finance Committee for hearing my testimony. My name is Gerald Smith, and I am here today to support the Good Jobs Bill.

I am 61 going on 62. I live in Jamaica, Queens and I am a security officer. From 2005 to January of 2010, I worked for Jet Blue. I made \$9 or \$10 an hour and had no healthcare. I tried to build a future for myself and my family, but because my wages were so low I did not have the chance to plan for the future. Instead I barely had enough to cover my immediate needs. A few years back, I had a bad fire in my apartment. With no savings and a low wage job, I was forced to live in a YMCA shelter for two years.

At the same time, Jet Blue was building a brand new terminal at JFK—terminal 5 with the support of \$865,000 in tax-free bonds through the New York City Economic Development Corporation. My coworkers and I worked hard to keep passengers in the new terminal safe and secure. But we were still making the same bad wages. Unable to find an apartment I could afford in one of the most expensive cities in the world, I was living in section 8 housing. Without health benefits, I was on Medicaid.

Now I hear that Jet Blue is applying for \$30 million in subsidies, including \$3 million for the terminal at JFK where I used to work. I've read in the paper that New York City wants to give them these incentives so they can create jobs. Our tax dollars should not go to companies, like Jet Blue, that keep workers like myself in poverty and force us to rely on public services to get by. It isn't right, and it isn't fair. Most of all it isn't good for the city of New York.

Now I am looking for a new job, and hope that I will be able to find one that will provide the wages and benefits I need to live in New York City without relying on public subsidies to access housing and medical care. I am here today to ask the New York City Council to pass the Good Jobs Bill to make sure we stop giving our taxpayer dollars to companies that create low wage jobs, and we create more of the good jobs that hard working New Yorkers like me badly need. Thank you.



**Alba Vasquez**  
**Testimony on The Good Jobs Bill (Intro 18-2010)**  
**New York City Council- Committee on Finance**  
**11 May 2010**

Thank you Chair Recchia and to the City Council Finance Committee for hearing my testimony. My name is Alba Vasquez, and I am here today to support the Good Jobs Bill.

I am here today to tell the City Council why the Good Jobs Bill is important for the City of New York. This bill is not about politics, about real estate, or the economy. It is about hard working people like me who need a good job to support our families, our communities, and the city we love.

My story is the same story as so many immigrants and workers who struggle to get by in one of the most expensive cities in the world. I am here today to say that not every job is a good job. Not every job will let you pay your bills. Not every job will let you work towards a better future

I came to the United States from Uruguay in 1977 as a 21 year old mother of three. I had a simple dream—to create a better life for my children. When we first settled in the Bronx, my children and I all lived in a small one-bedroom apartment.

When my children were young, I worked three jobs to support them. I would work 18 hour days, going from one job to the next to the next. I was killing myself working for a better life for my children, but I never had any time to spend with them.

At the end of every month, it would always be a struggle. Sometimes I would need to choose between paying the rent and putting food on the table, or being able to buy my children the clothes they needed.

Ten years ago, I got a job cleaning at Madison Square Garden, and became a member of SEIU 32BJ. Our lives changed completely. Now I work 40 hours a week, and I own my own home where I live with one of my daughters. I have been able to spend more time with my children--to watch them grow, go to school, and start careers. I am so proud of what they have achieved in their lives.



I feel fortunate to have a good job - because the struggle I felt earning minimum wage is not so far from my mind, nor so far from my life. When I look around me, I see so many New Yorkers unable to make ends meet even though they're working hard. It is not easy to get by in New York City, and it is only getting harder. Rents are going up, and the cost of everything from transportation to groceries is rising.

I am supporting the Good Jobs Bill because as a city we need to do everything we can to create more good jobs and more real opportunities for New York City workers. When we invest our taxpayer dollars in new development, we are only asking that they will invest in us workers so that more New Yorkers can have the same opportunity I did to live the American Dream.

Thank you.



**Elpidio Sanchez**  
**Testimony on The Good Jobs Bill (Intro 18-2010)**  
**New York City Council- Committee on Finance**  
**11 May 2010**

Thank you Chair Recchia, and to the City Council Finance committee for hearing my testimony. My name is Elpidio Sanchez, and I am here to support the Good Jobs Bill.

I came to New York City from the Dominican Republic on December 21, 1989. I came here with the same dreams we all have—to create opportunities for my children. I am proud to be here today to say that I have. My oldest daughter just graduated from Hamilton College, and my second daughter is studying to be a doctor. My son, younger than his sisters, is doing well in school and thinking about the future.

But we went through many hard times to get where we are today. That is why I am here to tell the New York City Council: Not every job is a good job.

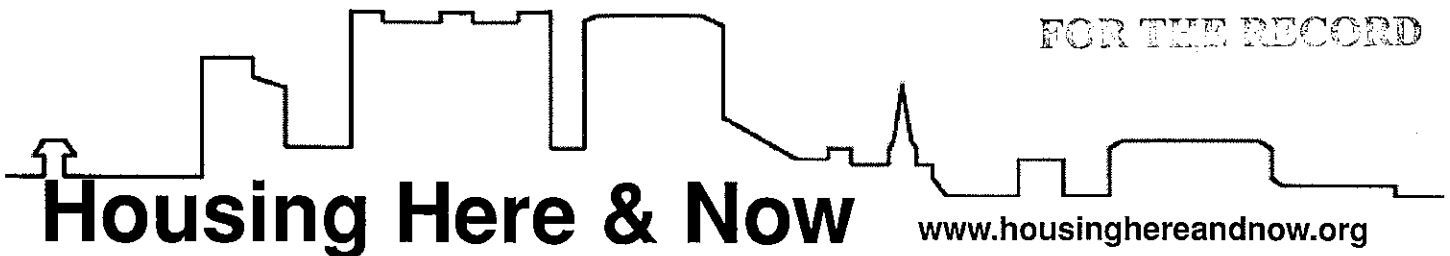
Before I was a member of SEIU 32BJ, I worked for years in restaurants and side jobs. The pay was inconsistent and the hours weren't regular. I was working so hard—usually working two jobs—just to make ends meet for my family. When the economy was bad work was slow. My family even had to apply for food stamps and Medicaid. I have always said I don't want anyone to do anything for me that I can do for myself, so being forced to rely on public assistance was embarrassing.

Eight years ago, I finally got a better job as an office cleaner at 123 Williams Street. But even there, things were insecure. One day a new contractor came in. In one day they cut our pay from \$20 per hour to \$7.50 per hour and took away our health benefits and sick days. Even with a better job I had no security for my family and for the future.

As a member of SEIU 32BJ, I understand how important it is to have a good job, and how important it is to have a stable job. Since I became a member, things have really changed for me and my family. I am putting food on the table. I am able to take my kids to the doctor. I was even able to save money so that I could help put my kids through college.

I love New York. It is a city of opportunity—one where I raised a family and sent my kids to college. But it is also a city where working people struggle to get by. We need to use the power of our government, and our tax dollars, to support and create more good jobs and stable jobs for New Yorkers so that everyone can have the chances I have had. It is the fair thing to do, and the right thing to do for New York City workers.

Thank you.



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**Testimony of Michael McKee, Executive Director  
May 11, 2010**

**In support of Intro 18 – 2010**

Housing Here and Now supports Intro 18, which amends the New York City Prevailing Wage Law to require that in most cases developers or corporations that receive financial assistance from the City must pay building service workers a prevailing wage. Housing Here and Now is an umbrella organization of tenant, community, labor and religious organizations fighting for stronger rent laws.

Financial assistance from the City that triggers the requirement for prevailing wages includes cash payments, grants, bond financing, tax abatements or exemptions, tax increment financing, filing fee waivers, and energy cost reductions. Non-profits where no employee receives a salary more than \$100,000 per year are exempted, as are existing financial agreements.

The bill also requires prevailing wages where non-governmental entities lease at least 10,000 square feet to a contracting agency, where the rent is paid in whole or in part with New York City funds. Not-for-profit organizations are excluded from this requirement, as are existing leases.

New York City gives away billions of dollars every year to corporations and developers, ostensibly to stimulate economic development. While some of these giveaways result in good jobs with benefits, there are instances where developers take subsidies from the City and create poverty-wage jobs. Intro 18 rectifies this inequitable situation.

Some predict a negative impact on non-profit organizations if they are required to pay prevailing wages. Empirical evidence has shown this fear to be unfounded. In fact, where cities and counties have attached prevailing wage requirements to subsidy programs, the results have been less turnover and absenteeism, as well as improved worker performance, morale and job satisfaction.

The City of New York should not be in the business of subsidizing poverty-wage jobs. This bill is a reasonable and necessary correction that will improve the quality of life for workers and their families, and will also improve the local economy by directing higher disposable incomes to local businesses.

Housing Here and Now supports Intro 18 and urges its prompt enactment. Our members will benefit from this important measure, as will the City as a whole.



FOR THE RECORD

**Robert Alexander**  
**Testimony on The Good Jobs Bill (Intro 18-2010)**  
**New York City Council- Committee on Finance**  
**11 May 2010**

Thank you Chair Recchia and to the City Council Finance Committee for hearing my testimony. My name is Robert Alexander, and I am here today to support the Good Jobs Bill.

I am 60 years old, and I have been through a lot in my life. I was raised by a single mother here in New York City. I have seen plenty of demons in my day, and I have struggled to be strong and to survive.

I am a security officer at the Van Dyke Community Center in Brownsville, and a proud member of SEIU 32BJ. I have been in the union for two years. I am here today to tell the City Council how having the stability of a good job has really changed me as a man.

In my life I have seen really hard times. For 10 years I lived on the streets and in the shelters of our city. I can remember collecting bottles for the bottle returns at 4am, pushing 3 shopping carts full of bottles for 5 cents each.

I got a job as a security officer. When I first started I made \$4.50 an hour. I wanted to plan for the future, but I was in a rut and barely getting by. One day I asked my boss for a raise. He told me "we don't give out raises." I tried everything—good and bad—to make enough money to support myself. I tried to get a better job, and when I couldn't I played a lot of numbers. I am not proud of everything I have had to do to survive in the city. I just needed a lift, an opportunity that would bring stability and peace to my life. That came when I got a good job.

I love my job, and I work hard to keep the community center safe and secure. I am proud to be a member of a union that invests in the training and development of its members. I cannot imagine any other line of work.

Now that I have a good job with benefits—one where we do get raises—I can support myself and I have hope for the future. Now that I have health insurance, I am taking care of medical

problems I have had for a long time. I have more dignity and feel I can be more of a human being, knowing that I can make the wages I need to live.

I know first hand how hard it can be to make ends meet in New York City, and how hard it is to pull yourself up from poverty. I support the Good Jobs Bill because I know what it is like to work a low wage security job and struggle, and I know how hard it is to work full time and not be able to make ends meet. At age 60, I feel my job has given me the opportunity to start over—all struggling New Yorkers deserve the same chance.

Thank you.

# FISCAL POLICY INSTITUTE

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Testimony of  
James A. Parrott, Ph.D.  
Deputy Director and Chief Economist  
Fiscal Policy Institute

Before the  
New York City Council  
Committee on Finance

## Prevailing Wage for Building Service Workers in Buildings Owned or Managed by Persons Receiving City Financial Assistance

New York City  
May 11, 2010

Good morning, my name is James Parrott, Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI). The Fiscal Policy Institute is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York City and State residents. FPI regularly prepares reports on the state of the New York City economy and the economic condition of workers and their families, and on city budget, tax and economic policy issues. Thank you for the opportunity to testify today.

With the city's poverty rate at 22 percent and 20 percent of families with one full-time, year-round worker not able to rise out of poverty,<sup>1</sup> New York City clearly needs good-paying jobs that provide workers the opportunity to lift their families into the middle class. As the Mayor's Commission on Economic Opportunity found in 2006, there has been a tremendous rise since the early 1990s in the number of people in New York City who work yet remain in poverty.<sup>2</sup>

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<sup>1</sup> According to the New York City Center for Economic Opportunity, New York City's poverty rate in 2008 was 22.0 percent. For families with one full-time, year-round worker and one part-time worker, the poverty rate was 15.0 percent. New York City Center for Economic Opportunity, *The CEO Poverty Measure, 2005-2008*, March 2010.

<sup>2</sup> In its report to the Mayor, the Commission for Economic Opportunity stated: "There has been in recent years a large growth in the number of people who work but remain in poverty. There are over 340,000 working New Yorkers who are living in poverty. They constitute 46 percent of poor households in 2005—up from only 29 percent of poor households in 1990. An ever-widening skills gap and stubborn wage stagnation require strategic approaches to raise the living standards of low-wage workers. Playing by the rules and being rewarded for hard work must be the ticket to financial security for our city's families." The New York City Commission for Economic Opportunity,

Using an alternative method to specify the poverty rate recommended by the National Academy of Sciences, New York City's Center for Economic Opportunities estimates that the poverty threshold for a family of four in 2008 was \$30,419. For a full-time, year-round worker, that means it takes an hourly wage of about \$15.00 to reach the poverty threshold. For the fourth quarter of 2009, the median hourly wage for non-managerial, non-professional workers in New York City was about \$13.50.<sup>3</sup> Thus, half of city workers who are not managers or professionals are paid wages 10 percent or more below the hourly equivalent of the four-person poverty level.

The City's economic development efforts should be central to this critical need for good-paying jobs. Through various types of tax subsidies, the city annual provides about \$2.3 billion in tax breaks in the name of economic development.<sup>4</sup> In addition, the City often provides substantial capital investments to subsidize economic development projects and/or sells City-owned property at below-market prices for economic development purposes.

Given the importance of good-paying jobs to the City's economy and its people, the City should not be in the business of subsidizing poverty-wage jobs. In many cases where low-wage jobs are created in projects subsidized directly by taxpayers, there is also a second layer of subsidy if the workers holding those low-wage jobs also have to rely on public subsidies such as food stamps or Medicaid. Where this happens, the City is effectively subsidizing unfair competition to businesses that are paying their workers fair wages and benefits.

This legislation would establish a prevailing wage requirement for building service workers in buildings owned or managed by persons receiving financial assistance or rent from the City. The City Comptroller, who is charged under state law with determining prevailing wage levels, has set the prevailing wage level for office cleaners in Class A buildings at \$21.80 an hour, with a supplemental rate of \$8.36 for health and other benefits.<sup>5</sup> On an annual basis, an hourly wage of this amount equals \$43,600, about 73 percent of the average annual wage of \$60,081 outside of the finance sector in New York City, and about 143 percent of the 4-person poverty level of \$30,419 as determined by the City.<sup>6</sup>

The City already requires prevailing wage for building service workers employed under service contracts with the City.<sup>7</sup> Prevailing wages are different from "minimum wages" or "living wages" Minimum wages and living wages establish wage floors, while prevailing wages refer to the wages already being paid to the majority of workers in a particular occupational category for a given class of businesses. This legislation broadens the class of companies doing business with

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Report to Mayor Michael R. Bloomberg, *Increasing Opportunity and Reducing Poverty in New York City*, September 2006, p. 12.

<sup>3</sup> FPI analysis of the Current Population Survey.

<sup>4</sup> See, James A. Parrott, Ph.D., *Testimony before the New York City Council Committee on Economic Development, Oversight: The feasibility of requiring a unified economic development budget as a reporting requirement*, New York City, April 27, 2010.

<sup>5</sup> Prevailing wages for building service workers vary depending on the occupation, skill required and building type. See Officer of the Comptroller, City of New York, Section 230 Prevailing Wage Schedule. August 31, 2009. [http://www.comptroller.nyc.gov/bureaus/bl/2010\\_pdf\\_files/230-2009-2010-FINAL.pdf](http://www.comptroller.nyc.gov/bureaus/bl/2010_pdf_files/230-2009-2010-FINAL.pdf).

<sup>6</sup> Data from the New York State Department of Labor indicates that the average annual wage in New York City excluding the finance and insurance sector was \$60,081 in 2008.

<sup>7</sup> The New York City Housing Authority also requires prevailing wages on building services contracts.



the City to include those businesses that voluntarily enter into agreements with the City to receive a public subsidy or to lease space from the City.

The legislation builds on voluntary agreements that have been reached with developers to pay building service workers prevailing wages in several major economic development and redevelopment projects across the city, including Greenpoint-Williamsburg, Willets Point and Coney Island.

This legislation is good economic and public policy. While data are not readily available on the wages paid on projects benefitting from public subsidy or in companies leasing space from the City, data from the Current Population Survey indicate that one-quarter of the roughly 100,000 janitors and other building service workers in New York City receive hourly wages below \$9.39.<sup>8</sup> Other government data indicate that several thousand New York City building service workers likely are misclassified as independent contractors.<sup>9</sup> Employers misclassify workers as independent contractors in order to skirt employer obligations to pay payroll taxes and premiums for social insurance programs such as unemployment insurance and workers compensation.<sup>10</sup> Employment misclassification harms workers, law-abiding employers, and taxpayers.

Many New York City building service workers are already paid prevailing wages. This legislation helps level the playing field up. Considerable evidence involving wage standards of different forms underscores the positive effects of wage standards for workers, businesses and for local economic development. Generally, worker turnover is reduced and employers save on recruitment and training costs. Labor productivity increases and customer service improves. Employers adapt and wage standards contribute to stronger local economies. Prevailing wages are critical in helping to build more paths into the middle class.

Extending prevailing wages for more building service workers will help New York City alleviate poverty and promote a sustainable economy. The Mayor's Poverty Commission put it best, "Playing by the rules and being rewarded for hard work must be the ticket to financial security for our city's families." Extending prevailing wages should be part of those rules, for workers, businesses and for the city.

Thank you.

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<sup>8</sup> FPI analysis of the Current Population Survey for 2007 to 2009, expressed in 2009 dollars.

<sup>9</sup> The Census Bureau reports 16,823 "nonemployers" in janitorial services in New York City in 2007. U.S. Census Bureau, Nonemployer Statistics, <http://www.census.gov/econ/nonemployer/index.html>. The average annual receipts for these 16,823 nonemployers was \$12,240. As the label suggests, "nonemployers" are defined as business entities without employees. While some portion of "nonemployer" janitorial service entities might represent self-employed janitors, the Current Population Survey indicates that only 2.5 percent of New York City's roughly 100,000 janitorial workers are self-employed. This suggests that there may be upward of 10,000 janitors misclassified as independent contractors in New York City.

<sup>10</sup> See, *Annual Report of the Joint Enforcement Task Force on Employee Misclassification to David A. Paterson, Governor, State of New York*, submitted by NYS Department of Labor, M. Patricia Smith, Commissioner and Task Force Chair, February 1, 2009. A Cornell University study estimated that 10.3 percent of New York State's private sector workers were misclassified as independent contractors, Linda H. Donahue, James Ryan Lamare, Fred B. Kotler, J.D., *The Cost of Worker Misclassification in New York State*, Cornell University, ILR School, Feb. 2007.

# NELP

**National Employment  
Law Project**

TESTIMONY  
OF  
PAUL K. SONN  
NATIONAL EMPLOYMENT LAW PROJECT

ON  
INT. 18 -- THE GOOD JOBS BILL

BEFORE THE  
THE NEW YORK CITY COUNCIL  
COMMITTEE ON FINANCE

MAY 11, 2010  
CITY HALL, NEW YORK CITY

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National Employment Law Project  
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Good morning Chairperson Recchia and members of the Finance Committee. My name is Paul Sonn. I am legal co-director of the National Employment Law Project (NELP). Thank you for the opportunity to share this testimony regarding Int. 18, the Good Jobs Bill.

NELP is a policy and advocacy center that works with federal, state and local leaders to promote good jobs in the 21st century economy. We have worked extensively with cities across the United States on living wage and prevailing wage legislation, including with the New York City Council on the 2002 expansion of the city's living wage law.

Intro. 18 would guarantee that when development projects receive substantial amounts of taxpayer-funded subsidies from New York City, building service workers such as janitors and security guards are paid at least the prevailing industry wage and benefits. The bill would ensure the same in buildings where the city rents space for city agencies.

The Good Jobs Bill reflects a national trend among cities to ask developers receiving taxpayer-financed subsidies to guarantee that the jobs they create will pay decent wages. New York City has already been a leader in this movement and has required prevailing wages for building service workers on many major subsidized projects in the city in recent years. As I will detail briefly this morning, these requirements have not inhibited projects from going forward, and have ensured that city subsidies generate middle class jobs for working New Yorkers. The Good Jobs Bill would simply establish as official city policy the approach that New York has already been successfully using for several years. By institutionalizing these standards, the Good Jobs Bill will dispense with the need to negotiate them on a project-by-project basis and make clear to all stakeholders that when the city invests taxpayer funds, it expects subsidized development projects to deliver the quality building service jobs that New York's communities need.

**New York and Other Cities Have Already Been Successfully Using Good Jobs Standards to Ensure that Large Subsidized Development Projects Deliver Quality Jobs for Local Residents**

- Over the past fifteen years, there has been a growing national movement by cities to adopt “good jobs” standards for their economic development programs. Their goal has been to ensure that when cities invest taxpayer funds, they do not promote poverty and instead create the good jobs that communities need.
- Many cities began by adopting good jobs standards on a project-by-project basis for major developments receiving taxpayer-funded subsidies. Sometimes called Community Benefits Agreements, these job standards for individual development projects have been used successfully in cities such as Los Angeles, San Jose, Seattle and Pittsburgh to ensure that publicly supported projects deliver quality jobs.<sup>1</sup>
- Although it is not as widely understood as it should be, in fact New York City has been a national leader in using this approach, especially for building service jobs.

Over the past several years, good jobs requirements for building service workers have begun to be included on major development projects in the city that receive taxpayer-funded subsidies. Many of the city's most significant projects have used this approach including the redevelopments of the Greenpoint-Williamsburg waterfront, Willets Point and Coney Island.

- In effect, guaranteeing prevailing wages for building service workers has already become the norm in New York City for major subsidized development projects. Int. 18 would dispense with the need to negotiate these standards individually for each project. Instead, it would make clear to developers at the outset that that these standards are an expectation for any large development that receives significant taxpayer subsidies.

### **Good Jobs Standards in New York and Other Cities Have Not Slowed Development**

- The experiences of New York and other cities with these wage requirements for subsidized development projects has been that they have not slowed development or prevented projects from going forward.
- In New York, as noted, prevailing wages for building service workers were required as part of the Greenpoint-Williamsburg and Willets Point redevelopment projects. And the recently negotiated Coney Island redevelopment agreement went further by including wage standards not just for building service workers, but also for construction, hotel and retail workers. The success of these standards over the past few years is clear. They have not inhibited these deals from going forward, or prevented the city from finding developers for the projects. In Greenpoint-Williamsburg, the first of the projects built with such requirements have now been completed and new apartment buildings have opened. There the successful results can be seen on the ground. Instead of \$9 or \$10 per hour building service jobs with no benefits, these new buildings are providing family-supporting jobs that pay the prevailing industry wage.
- Experiences in other cities have been similar. Los Angeles, for example, has adopted living wage standards not just for building service workers but for all workers on several major development projects. These have included the Staples Center / L.A. LIVE sports and entertainment district; the Grand Avenue civic and cultural district; and the Plaza Pacoima retail project. These requirements have not interfered with the city's ability to recruit major developers for these projects – or prevented the developers from finding business tenants to occupy the new complexes.
- More broadly, a 2001 survey by NYU's Brennan Center of economic development officials from ten cities that had adopted wage standards for their economic development programs reported only one instance in which they felt

that the standards had limited their ability to attract a desired employer. Some local officials reported that wage standards in fact increased public support for their economic development programs by assuring taxpayers that public funds would be spent to attract only good jobs.<sup>2</sup>

### **New York Should Join Other Cities in Making Good Jobs a Standard Requirement for All City-Subsidized Development Projects**

- Building on their successful experiences using good jobs standards on individual development projects, cities are now institutionalizing this approach by making them basic requirements for some or all large development projects.
- For example, Pittsburgh began in 2008 by requiring prevailing wages for the jobs that will be created at the city-subsidized Pittsburgh Penguins sports arena project.<sup>3</sup> Then this year it institutionalized that approach by enacting a local law that guarantees prevailing wages for building service, food service, hotel and grocery workers on all city-subsidized development projects.<sup>4</sup>
- Similarly, Los Angeles has extended wage requirements to all development projects that involve land owned by the city's redevelopment agency.<sup>5</sup> And other cities have done the same for some or all projects receiving city subsidies.<sup>6</sup>
- New York has already begun the process of making this approach a standard requirement for subsidized development projects in the city. In 2007, the New York State legislature made prevailing wages for building service workers a requirement for projects financed the "421-a" housing tax abatement program, which provides subsidies for new apartment, coop and condo construction in New York City.<sup>7</sup>
- Int. 18, the Good Jobs Bill, would build on the 421-a reforms and make fair wages for building service workers standard policy on city-subsidized development projects in New York. It would do this by extending these requirements beyond just housing to other types of development projects that are subsidized either directly by New York City or – as is more common – indirectly by the New York City Economic Development Corporation, or the New York City Industrial Development Agency.
- Note that a companion bill to Int. 18 is also pending in the city council. That legislation, the Fair Wages for New Yorkers Act, would guarantee living wages for non-building service workers, such as retail and food service workers, on city-subsidized development projects. Together the two bills comprise a comprehensive package for ensuring that subsidized economic development projects delivery quality jobs for low-income New Yorkers.

To summarize, Int. 18 would establish as official city policy the approach that New York has already been successfully using in recent years to ensure that subsidized development projects deliver the quality building service jobs that New York's communities need.

Thank you for the opportunity to speak with you today. I would be delighted to answer questions that members of the council may have on my testimony or on other aspects of Int. 18.

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<sup>1</sup> Partnership for Working Families, Community Benefits Agreements (CBAs), available at <http://communitybenefits.org/article.php?list-type&type=155>.

<sup>2</sup> Andrew J. Elmore, Living Wage Laws & Communities: Smarter Economic Development, Lower Than Expected Costs (Brennan Center for Justice at New York University School of Law, Nov. 2003), available at [http://nelp.3cdn.net/4fdbdbf70be73ca80f\\_6tm6b5suw.pdf](http://nelp.3cdn.net/4fdbdbf70be73ca80f_6tm6b5suw.pdf).

<sup>3</sup> One Hill Neighborhood Coalition, Community Benefits Agreement Fact Sheet, available at <http://www.communitybenefits.org/downloads/Hill%20District%20CBA%20Fact%20Sheet.pdf>.

<sup>4</sup> American City and County, Pittsburgh passes, New York considers prevailing wage law (Feb. 24, 2010), available at <http://americancityandcounty.com/admin/prevailing-wage-law-20100234/>.

<sup>5</sup> Community Redevelopment Agency of the City of Los Angeles, Living Wage Policy, available at [http://www.crala.net/internet-site/Jobs\\_Contracting/upload/Living\\_Wage\\_Policy\\_10-28-2003.pdf](http://www.crala.net/internet-site/Jobs_Contracting/upload/Living_Wage_Policy_10-28-2003.pdf).

<sup>6</sup> See Andrew J. Elmore, Living Wage Laws & Communities, *supra* note 2.

<sup>7</sup> Jillian Jonas, Redrawing the 421-a Formula for Tax Breaks and Housing: Developers will still get tax breaks for building housing in NYC, but with more strings attached, City Limits (June 25, 2007), available at [http://www.citylimits.org/content/articles/viewarticle.cfm?article\\_id=3359](http://www.citylimits.org/content/articles/viewarticle.cfm?article_id=3359).



**DMI Testimony: Intro 18-2010 – Good Jobs Bill  
To the New York City Council  
March 11, 2010**

John Petro  
Policy Analyst for Urban Affairs  
Drum Major Institute for Public Policy

My name is John Petro and I am an urban policy analyst at the Drum Major Institute for Public Policy. The Drum Major Institute is a non-partisan, public policy think-tank based here in New York City. My job is to study the best local-level policies from cities across the country and to apply the lessons learned to New York City.

The bill under consideration today would establish a new wage standard—the city’s prevailing wage—for building service workers at economic development subsidy sites and at buildings where the city leases office space. It would create good paying jobs, and it should be supported.

This bill reflects a trend occurring in cities across the country in which these cities establish wage standards for projects that receive public assistance and subsidies. By doing so, cities seek to ensure that when taxpayer dollars are used to support development projects, local communities directly benefit from the city’s investment.

I want to point out the goal of this bill—ensuring that local communities directly benefit from the city’s economic development subsidies—because it represents a relatively new approach to economic development that has emerged in certain cities recently, most notably in Los Angeles. This approach stands in contrast to the status quo in which economic development subsidies are used to promote development for development’s sake. While the growth that comes with development creates jobs and tax dollars, it does not necessarily follow that local communities, especially low-income communities, benefit from this growth. In New York City, we’ve experienced tremendous growth over the course of the last decade. And yet communities from Brooklyn to the Bronx still combat entrenched poverty and the gap between rich and poor has widened. This is not just problematic for the families who struggle with the realities of poverty, but also for the city as a whole.

Establishing standards—in this case wage standards—is a way to maximize the impact of economic development subsidies by creating direct benefits for city residents by creating good paying jobs. And not only do wage standards help individual workers: by lifting wages for low-income New Yorkers, we can stimulate the local economy. We know that every \$1 increase in wages for a low-income worker creates about \$3,200 in new spending at local businesses every year. Raising wages is an economic development tool in its own right.

Maximizing the impact of economic development subsidies is especially important at this time of strained budgets and cuts to vital city services. These standards

protect the taxpayer from subsidizing poverty-level jobs that do not pay enough for working families to be self-sufficient. When tax dollars are used to subsidize low-wage jobs, the city ends up paying twice: once on the development subsidy, and then again to provide public assistance to the working families who cannot afford rent, food, and other necessities.

Setting wage standards will also help the city correct the structural imbalance in the city's economy that is being caused by the growth of low-paying jobs. For example, the retail sector is among the fastest-growing sectors in New York City, but these jobs pay paltry wages, between \$17,000 and \$22,000 a year on average. Unless we find ways to create good-paying jobs for New York residents, more and more families will be added to the ranks of the working poor and increase the city's tax burden through increased reliance on public assistance. Unfortunately, we already have a lot of ground to cover: one-in-three adult New Yorkers are currently employed in low-wage work.

These are all ways in which the city, by establishing wage standards for economic development projects, can maximize the impact of economic development subsidies: by lifting up communities that have not been able to share in the city's renewed prosperity, by stimulating consumer spending in local communities, and by transforming low-paying jobs into good jobs that pay enough to support a family in New York.

I mentioned before that this bill is part of a trend. Most recently the city of Pittsburgh implemented a prevailing wage bill quite similar to the one we are considering today. Other cities, like Los Angeles, require that all workers at all economic development sites are paid a living wage. Prevailing wage and living wage are different, but both achieve the aims that I outlined above.

Thank you. I welcome your comments or questions.





**Testimony of the Building Owners and Managers Association of Greater New York, Inc.**

**Council of the City of New York**

**Committee on Finance**

**Hearing in relation to Int. No. 18-A**

**May 11, 2010**

Good morning Chairman Recchia and members of the City Council. My name is Albert Voci, CPM, LEED AP, Senior Property Manager for Newmark Knight Frank. I am testifying today on behalf of the Building Owners and Managers Association of Greater New York, Inc., (BOMA/NY) where I serve as the Chair of the Labor Relations Subcommittee on their Codes and Regulations/Government Affairs Committee. Our Committee monitors all local, state and federal codes and regulations and legislative issues affecting the real estate community.

As the Association representing the property management professionals responsible for the safety and security of 3 million tenants, the Building Owners and Managers Association of Greater New York, Inc. (BOMA/NY) opposes the proposed legislation.

The commercial real estate industry is a significant contributor to the nation's and in particular the city's economic engine. Our industry employs over 76,000 New Yorkers and contributes over \$10 billion to the gross state product.

This Bill would require building owners who lease space out to city agencies or any organization receiving public assistance to pay the "prevailing wage" to building workers is costly and unfair.

First, we perceive this Bill as "anti-worker", commercial real estate companies will be less inclined to lease office space to City agencies thus driving down the need to hire more building personnel. Alternatively, landlords who maintain public agency tenants may be forced to cut jobs and reduce their building work force in order to cover the substantially higher operating costs associated with prevailing wages and benefits.

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Second, the law amounts to yet another government imposed surcharge on landlords. It is not feasible to pass along such a cost increase to the private company tenants. A prospective tenant will go to another building with no government agency tenants before paying a higher rent.

Third, the law will result in a reduced supply of rentable space for City agencies. Fewer owners and managers will chose to rent to public sector agencies, thereby creating a scarcity of space at a potentially higher cost per square foot. In these difficult economic times it would be counterproductive to expose the market to higher occupancy costs that would result from increased operating expenses.

Finally, our members are proud to employ union workers through collective bargaining agreements in their buildings. However, BOMA/NY believes that those who have chosen to operate buildings with non-union personnel, leasing to City agency tenants, have the right to set the appropriate rate of pay. If enacted into law, this legislation is a dangerous precedent which will give government more power to interfere with the operation of private business.

Thank you for giving us the opportunity to present our concerns. We ask that the committee reject this Bill.

# BIG APPLE CIRCUS

Tuesday, May 10, 2010

## Big Apple Circus Testimony regarding Intro 18: The Prevailing Wage Law

Thank you for your time. My name is Danielle Kline and I am the Manager of Government Relations for the Big Apple Circus. The Big Apple Circus is a uniquely New York institution, embraced by generations since its first performances in the summer of 1977 on the landfill that is now Battery Park City. As you may know, its location in New York is precisely the reason the Circus has flourished for over three decades, nurturing an international art form and a commitment to community outreach at one of the world's key cultural crossroads.

Today, we are a mid-sized arts organization with an annual operating budget of roughly \$21 million. We employ more than 195 full-and part-time staff, a figure that includes both our administrative staff and performers. In FY 2010, we received approximately \$291,015 in general operating and programmatic support and \$1 million in capital funding from the City of New York. The Big Apple Circus is enormously grateful for this strong support for New York City's hometown circus.

I have come today to testify against Int. 18, the "Prevailing Wage for Building Service Employees" law. As currently written, its requirements would be enormously difficult for the Big Apple Circus to fulfill. Our primary administrative offices are located at 505 Eighth Avenue, occupying the entire 19<sup>th</sup> floor of a building from which we lease space. At this address, the Big Apple Circus is just one non-profit organization amongst more than one hundred other non-profit and for-profit tenants.

To provide the payroll records of all building service workers and to work to ensure that our landlord consistently meets these requirements would likely be a lengthy and tedious process. In our case, the Big Apple Circus would have to ask three different companies to surrender those records. Payroll records are confidential private property and the employer needs authorization from the employee to disclose them, except in the case of an audit or a court order.

It would be impossible for the Big Apple Circus to enforce three companies to pay the prevailing wage since building employees are not employed by the Circus. Furthermore, there is no incentive for companies to comply with our wishes because we are the entity receiving government funding, not them.

I'd be happy to answer any questions you may have.

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★ *Clown Care*<sup>SM</sup>  
★ *Beyond the Ring*<sup>®</sup>  
★ *Circus For All*<sup>®</sup>  
★ *Circus of the Senses*<sup>SM</sup>

Big Apple Circus  
is a not-for-profit  
performing arts  
organization



**Testimony of LISC NYC  
On Intro 18A  
NYC Council Finance Committee  
Tues, May 11, 2010**

Good morning; my name is Sarah Hovde and I am the Director of Research and Policy for the NYC Program of the Local Initiatives Support Corporation. LISC is a national community development intermediary organization that helps community-based groups to transform distressed communities and neighborhoods into healthy ones by providing capital, technical expertise, training and information. In NYC, LISC has provided over \$160 million in loans and grants and over \$1.5 billion in equity to more than 75 community development corporations (CDCs) and local entrepreneurs, resulting in the development of close to 30,000 units of affordable housing in Harlem, the South Bronx, and Brooklyn.

Intro 18A, as currently written, would require prevailing wages for building service employees in buildings with a wide range of owners and uses – both residential and nonresidential. I am not going to attempt to address the entire scope of the bill's effect; instead my comments are limited to LISC NYC's concerns about the perhaps unintended effect that the bill in its current form would have on affordable housing. For many affordable housing projects that would be affected by the bill (because they receive more than \$10,000 per year in tax benefits), a prevailing wage mandate would present an unsustainable financial and administrative burden which could threaten their very viability.

The majority of the affordable housing that LISC and its affiliate the New York Equity Fund have helped our community-based partners to develop over the years has been formerly city-owned, tax-foreclosed buildings that have been redeveloped using a variety of financing sources, including Low Income Housing Tax Credits and City subsidy. These projects, located in

Brooklyn, the Bronx, and Manhattan, serve families with incomes below 60% of area median income (AMI), and are key affordable housing assets in their neighborhoods, and in a city that has a chronic and severe affordable housing shortage. The majority of the buildings are small (12 units on average), and were originally built over 80 years ago, although they received substantial-to-gut renovation at the time they were re-developed and transferred from city ownership to the current owners. We also work with many of our community-based nonprofit partners to acquire and preserve at-risk federally-assisted housing (i.e. with Project-Based Section 8 subsidies); and a few of our partners already own federally-assisted housing, most typically Section 202 elderly projects.

Since there is currently no prevailing wage established in NYC for building service workers, it is not possible to know exactly what the “prevailing wage” level would be; however we are working on the assumption that it would approximate the contract compensation levels of the major building service employees unions. While LISC NYC’s community-based partners that developed and run the affordable housing I just described do offer their supers, porters and handymen decent, living wages and benefits, these housing projects were not underwritten to support union-scale wage and benefits packages. These projects, whose rents are restricted by regulatory agreements, are already operating on extremely tight budgets, having in recent years seen greater-than-anticipated increases in a number of maintenance and operating costs, including insurance, heating fuel, electricity, and water/sewer charges. Their ability to continue to provide quality affordable housing, while at the same time meeting financial obligations, is being strained. ~~This is true whether~~

Placing an additional administrative and financial burden on affordable housing projects, which Intro 18A would do, threatens to undermine the viability of these important housing resources at a time when NYC’s communities can least afford their loss. While we are sympathetic to the intent of the bill -- ensuring decent wages for building service workers – we maintain that the vast majority of workers in the affordable housing portfolio we helped develop are already receiving decent (if not union-scale) wages; and we must oppose the bill in its current form because of the deleterious effect that it would have upon critical affordable housing resources.



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TESTIMONY

OF

MARK A. PRICE, PHD, KEYSTONE RESARCH CENTER

ON

THE AMENDMENT TO ESTABLISH A PREVAILING WAGE REQUIREMENT FOR BUILDING SERVICE  
EMPLOYEES IN THE CITY OF NEW YORK

FOR THE

NEW YORK CITY COUNCIL

MAY 11, 2009

NEW YORK CITY, NY

Keystone Research Center

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Good morning, my name is Mark Price. I am a labor economist at the Keystone Research Center (KRC), a non-partisan research and policy institute based in Harrisburg, Pennsylvania. I received a PhD in economics from the University of Utah where my dissertation focused on the impact of state prevailing wage laws on construction labor markets. I very much appreciate the opportunity to testify before the council today.

To begin I would like to direct your attention to Table 1 which presents the three different types of wage standards that can be found in the U.S. today. The amendment to establish a prevailing wage for building service employees is typical of a prevailing wage standard in that:

- it targets a specific set of occupations rather than all occupations in the city;
- it covers jobs located in the city as opposed to throughout the region;
- within the city, it does not cover all employers but only a subset employers receiving taxpayer revenue; and
- the wage levels the ordinance establishes are not defined by the government or in direct reference to the local cost of living but according to the wages found in similar occupations in the private sector in the city.

| <b>Types of Wage Standards</b> |                     |                                                                               |                    |
|--------------------------------|---------------------|-------------------------------------------------------------------------------|--------------------|
|                                | <b>Minimum Wage</b> | <b>Prevailing Wage</b>                                                        | <b>Living Wage</b> |
| <b>Occupation</b>              | All                 | Specific                                                                      | All                |
| <b>Location</b>                | All                 | Specific                                                                      | Specific           |
| <b>Determination</b>           | Legislation         | Reference to Market                                                           | Cost of living     |
| <b>Employers</b>               | All                 | Contractors                                                                   | Contractors        |
| <b>Jurisdictions</b>           | Fed-State           | Fed-State-City                                                                | City               |
| <b>Effectuated</b>             | Low wage workers    | Workers in specific occupations (e.g., in construction or service industries) | Low wage workers   |

The primary motivation behind prevailing wage standards is the desire to prevent the buying power of the public sector from being used to undercut the wage scale established in the private sector

of the local economy. In this respect these laws are very different in intent from minimum wage laws which seek to establish a wage floor for the most vulnerable workers throughout the economy. A prevailing wage seeks only to ensure that the wages paid to perform public work—or publicly subsidized work—reflect the local wage scale. These laws are grounded in the idea that the public sector should set a good example—and discourage low-wage, low-skill, low-productivity competition—not just when it employs workers directly but also when it contracts with firms in the private sector.

As many of you are aware, state and local prevailing wage laws most commonly cover construction occupations employed on publically financed building projects. Recently Pennsylvania's two largest cities have extended coverage to some service occupations. In 2007, Philadelphia enacted an ordinance that establishes a prevailing wage for janitors, guards and other building services occupations employed by city contractors as well as contractors engaged by organizations that receive financial assistance from the city such as developers benefiting from bond or tax increment financing. More recently Pittsburgh has enacted a similar ordinance which in addition to covering building service workers also covers hotel, grocery, and food service workers employed on projects that benefit from a public subsidy. In both of these cases the intent of the legislation passed was not to establish a wage standard aimed at alleviating a pervasive social ill like poverty but merely to prevent taxpayer funds from being used to undercut locally established wage levels. In both Philadelphia and Pittsburgh there were instances where private developers aided by public subsidies created jobs which paid wages that were well below the local scale already established in similar unsubsidized development projects.

Policy makers in Philadelphia and Pittsburgh have come understand that the pleas for jobs that rise up from their neighborhoods are not pleas to for a 60 hour workweek in two or three part-time jobs that leave children unattended and barely pay the rent but pleas for one good job with a decent wage and health care. Given the great difficulty involved in spurring the creation of such jobs, policy makers



in both cities concluded it made little sense to allow public dollars to be used to further depress wages in their cities.

### **The Economic Impact of Wage Standards on Subsidized Economic Development**

Since 2003, the cities of Santa Fe, New Mexico and San Francisco, California have each had a citywide minimum wage law. The ordinance under consideration here in New York City is much more narrowly constructed than a citywide minimum wage but the primary issue for elected officials considering a wage standard is the same: will this drive development outside the city limits? Citywide minimum wage laws like those in effect in Santa Fe and San Francisco provide a strong test of the economic impact of wage standards precisely because they impact all workers in those cities not just those employed by city contractors or those employed by the tenants of publically subsidized developments. If raising the wage floor in a city is not harmful to economic development then it is unlikely that a wage standard that establishes a prevailing wage for only selected occupations would be harmful.

In a review of the available data on the Santa Fe and San Francisco citywide minimum wage laws, researchers at the UC Berkeley Institute of Industrial Relations<sup>1</sup> used sophisticated statistical techniques to learn that there was:

- no significant impact on employment or business closures;
- an increase rather than a decrease in the presence of major retail stores in both cities.

The cases of San Francisco and Santa Fe are also instructive because major retailers and other opponents of the citywide minimum wage in each city threatened that they would leave the city altogether or scale back their plans for development if the standard was passed. Hard data have shown that those threats were empty.

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<sup>1</sup> Arindrajit Dube, Ethan Kaplan, Michael Reich and Felix Su, "Do Businesses Flee Citywide Minimum Wages?: Evidence from San Francisco and Santa Fe," Institute of Industrial Relations, Policy Brief, September 2006.

It is even less likely that the ordinance under consideration here in New York City would deter economic development. First, San Francisco and Santa Fe adopted citywide minimum wages which pushed up wages for all workers earning less than the new minimum wage. In New York City, employers will be required only to pay wages that already prevail among similar private employers in the rest of the city. Second, Santa Fe and San Francisco employers that had decided to move out of the city rather than pay the new minimum wage would have lost nothing economically by doing that. In the New York City, developers choosing to locate outside the city would lose their development subsidies from the city. Given that the requirement is only to pay prevailing wages, developers would be giving up sometimes sizable development subsidies rather than accept wage requirements that have a small impact on costs.

Similarly building service contractors that choose not to bid for contracts that include prevailing wage requirements would be refusing business because of a requirement to pay wages similar to those that already exist in the private sector in the rest of the city. Such a refusal is a strong signal of an expectation of higher than average profit margin or of business practices that are cost competitive only by means of paying below market wages. Neither scenario elicits much sympathy especially when considered against the research of my fellow panelist James Parrott of the Fiscal Policy Institute who has demonstrated that this city faces an acute shortage of family sustaining jobs.

The legislation we are discussing today will do little to alleviate the crushing shortage of good jobs in New York City in part because it will likely cover but a tiny fraction of employment in the city. What the ordinance will guarantee however is that public money will not be used to make this problem worse. It will require that employers that benefit in some way from taxpayer funds pay wages that currently prevail in the private sector in the city. In summation the bill under consideration here today simply requires the public sector to do no harm. Thank you again for the opportunity to testify before the council today.

# RWDSU

Stuart Appelbaum, *President*  
Jack C. Wurm, Jr., *Secretary-Treasurer*

## Retail, Wholesale and Department Store Union

Testimony of Stuart Appelbaum

May 11, 2010

Good morning. My name is Ava Farkas. I am testifying on behalf of Stuart Appelbaum, President of the Retail, Wholesale and Department Store Union. We represent 45,000 men and women who work in retail, grocery and drug stores in all five boroughs.

Thank you Chairman Recchia and the other members of this committee for the opportunity to come before you today to provide testimony in support of Intro 18-2010, the Good Jobs Bill

This is a vital piece of legislation and I urge you to approve it and send it to the entire City Council for passage.

The Good Jobs Bill along with Paid Sick Days, the upcoming Fair Wages for New Yorkers Act and Labor Neutrality Act is designed to ensure that City policy, resources and money are harnessed to promote responsible development that will make it possible for New Yorkers to live decent lives.

Why are these bills needed now? Because for far too long the business community has dominated politics at the expense of rest of us. This has resulted in the enrichment of the few and the impoverishment of the many.

One-third of the City's workforce is employed in low-wage jobs. Most of the job growth over the next 10 years will be in sectors that pay low wages. Ensuring a prevailing wage

for building service and security workers and a living wage for retail workers is critical in fighting poverty and rebuilding New York's middle class.

I'd like to read you a quote that clearly explains the business community's position on what New Yorkers deserve in return for their investments.

This is from a "Crain's" editorial that appeared in the May 2 edition just two weeks ago, I quote:

"The council needs to be disabused of the notion that a cashier, floor-sweeper or security guards must be paid enough to raise a family here. These jobs pay wages commensurate with the skill and education needed to perform them, and the available labor pool.

This statement is simply outrageous and cannot go unchallenged.

The idea that only the unregulated market should determine the standard of living of our fellow citizens is just plain wrong. We have all bared witness to the recent havoc an unregulated market inflicted on millions of Americans. Higher wage Standards must be part of the market especially when public money is involved in the development of projects that should not only benefit private developers but the larger community and those who work in them.

I am confident that when the time comes to decide on whether or not to require a prevailing wage or a living wage be paid, the new council will vote in favor of the interests of the people of New York and not the few

As Martin Luther King, Jr. said shortly before his assassination more than 40 years ago:

"Now is the time to make an adequate income a reality for all of God's children, now is the time for city hall to take a position for that which is just and honest."

We've waited far too long to achieve this goal. Now is the time for this new City Council to act.

I urge you to support Intro 18-2010, the Good Jobs Bill.

Thank you.



LA UNIÓN HACE LA FUERZA  
THE COMING TOGETHER OF  
LATIN AMERICAN INTEGRATION CENTER  
AND MAKE THE ROAD BY WALKING

*Testimony in Support of a Local Law, Int. 0018-2010, Good Jobs Bill*

Good morning. My name is Felipe Idrovo and I am a Board Member of Make the Road New York, an immigrant rights organization based in the communities of Bushwick, Brooklyn; Jackson Heights, Queens; and Port Richmond, Staten Island. We work to promote economic justice, equity, and opportunity for all New Yorkers. Our organization consists of over 7,000 members, most of whom are immigrants, and working class. I submit this testimony on behalf of Make the Road New York and thank the Committee for the opportunity to participate in this hearing.

Make the Road New York strongly supports the proposed law, Int. 0018-2010; New York City should never be in the business of subsidizing poverty-level jobs. To that end, Make the Road New York supports legislation that will leverage the financial power of the City to provide good jobs for New Yorkers. This bill will ensure that when the City leases space or provides financial assistance to a business, building service workers are paid a prevailing wage and receive benefits.

As an immigrant from Ecuador, I came to this country and this amazing city, to work hard so I could support my family and my oldest son. My son, who is now thirteen years old, was born with an open palate in his mouth and needs to have surgery to fix this problem. The surgery is very costly and the only way that I could pay for it was to travel to New York, join my brother, and work hard to raise that money. Unfortunately, I have not been able to raise the money necessary for my son to have his surgery.

Since I came to New York, the only work opportunities that I have had, have paid very little. I worked in construction and factories across the City, each time getting paid miserly for the work that I did. It's unfair that we continue to do this type of work and get paid very little, while developers keep profiting from our hard labor. We cannot have the City provide tax breaks to developers who do nothing more than create dead-end poverty jobs.

That is why I am here today, to urge the City Council to pass the Good Jobs Bill. The Good Jobs Bill would ensure that when our taxpayer dollars are given to businesses and developers, or when the city leases space, that these businesses create good quality jobs with benefits for building service workers.

301 GROVE STREET  
BROOKLYN, NY 11237  
TEL 718 418 7690  
FAX 718 418 9635

92-10 ROOSEVELT AVENUE  
ELMHURST, NY 11372  
TEL 718 565 8500  
FAX 718 565 0646

479 PORT RICHMOND AVENUE  
STATEN ISLAND, NY 10302  
TEL 718 727 1222  
FAX 718 981 8077

Others cities across the country have done this – from Los Angeles to Pittsburgh – each of them putting similar policies in place to be sure that their economic development programs are helping create good jobs.

In conclusion, for all of these reasons, Make the Road New York urges the Committee to approve the proposed bill, and to support the bill for passage in the City Council. We are hopeful that the Council will share our commitment to support better jobs for all New Yorkers.

Si se puede!

Testimony of Benjamin Dulchin, ANHD INC  
to the New York City Council Committee on Finance  
Hearing on Intro 18-A

May 11<sup>th</sup>, 2010

Good Afternoon. Thank you, Chairman Recchia and committee members, for this opportunity to testify about Intro 18-A.

My name is Benjamin Dulchin and I am testifying on behalf of ANHD INC. ANHD INC. is a not-for-profit social welfare organization which advocates on behalf of 98 New York City neighborhood-based housing groups- community development corporations, affordable homeownership groups, supportive housing providers and community organizers. ANHD INC. advocates for comprehensive, progressive housing polices and programs to support affordable, flourishing neighborhoods for all New Yorkers, especially our lower income residents.

We are particularly concerned with policies that effect the production and management of affordable housing because not-for-profit neighborhood-based affordable housing groups have developed and currently manage over 100,000 affordable housing units throughout the five boroughs of New York City. The majority of these housing units are affordable for low-income families, including supportive housing and senior housing. Our groups are mission-driven to create stable, thriving neighborhoods by providing people with a decent, affordable place to live in an increasingly unaffordable city.

As such, we appreciate the intent of Intro 18-A as another way to try and ensure that working families have the means to build thriving neighborhoods. However, we believe that the current version of the bill before you today, as it is currently written, has flaws that would undermine the stability of affordable housing

Specifically, buildings developed by not-for-profits using city subsidy are underwritten with financing structured to provide the maximum amount of affordability at a minimum of cost to the city. They are very tightly underwritten, with almost no room for deviation. Affordable housing developed with city subsidy is restricted by law from raising rents beyond the terms of the original underwriting. Furthermore, our not-for-profit groups have no profit margin to work with.

If our affordable housing is subject to this bill, it would cause a significant rise in building expenses. Because we cannot raise rents, every dollar of additional operating cost has to come out of other operating costs in the building. Our choices will be to defer maintenance, defer paying municipal charges, layoff some of the very people this bill is trying to help, or otherwise financially destabilize the building.

However, we would like to emphasize that the overall intent of Intro 18-A is good. We believe that this bill should be amended to include language that would exempt affordable housing. Language exempting affordable housing was included in the 421a legislation negotiated and passed by the Council a few years ago, which we believe can provide a successful template for this bill. If similar language were included in a revised bill, it would go a long way to ensuring that the bill would have a negligible impact on affordable housing and ANHD INCs concerns with the bill would be greatly curtailed.





**Contact:**  
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[kristi@nyjwj.org](mailto:kristi@nyjwj.org)

## **Remarks from Kristi Barnes, New York Jobs with Justice May 11, 2010**

Good morning. My name is Kristi Barnes, and I'm from New York Jobs with Justice, a coalition of worker and community organizations building power to secure good jobs and strong communities for all New Yorkers. For the past 4 years, we have been working with legislators, public policy experts, government watchdogs, community and religious organizations, and labor unions to reform Industrial Development Agencies (IDAs) in the state of New York.

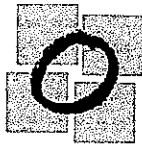
At the root of our efforts to reform IDAs is a belief that our tax dollars should never subsidize poverty wage jobs. When public dollars are being used, whether through IDA tax breaks and financing or through direct assistance from local or state governments, there must be a public benefit. When we subsidize the creation of low wage jobs, we create more demand for public assistance programs, and in doing so, hit taxpayers twice: Once, in the form of the original corporate subsidy and, once again, in the form of government benefits and assistance to individuals working under the poverty line.

In these difficult economic times, we need to make every economic development dollar count and ensure that the city is in the business of creating only quality jobs. The Good Jobs Bill will do just that.

The Good Jobs Bill builds off of precedent in New York City. During the debate over the redevelopment of Coney Island in 2009, New York Jobs with Justice, as a member of the Coney for All coalition, achieved an agreement with the city that guaranteed building service jobs created by the development will pay the prevailing wage. Prior to that, the city made a similar commitment in the redevelopment of Willet's Point. If the city can commit to good jobs for Coney Island and Willet's Point, why shouldn't it commit to creating decent, family-supporting jobs every time our tax dollars subsidize jobs?

In addition, we believe that both private corporations and nonprofits that receive public benefits should be covered. As a nonprofit organization, New York Jobs with Justice is proud to say our building service workers earn the prevailing wage. Nonprofit status alone is no reason to not make sure building service workers earn a livable wage.

Over 200 cities and counties around the US tie public subsidies to wage standards. We can't wait any longer in New York City. Our communities are struggling from a lack of quality jobs and need to be able to count on City Hall to be in their corner. Make good jobs the first priority when our tax dollars subsidize job creation. We urge our City Council members to put working families first and support the Good Jobs Bill.



# **Pratt Center**

**for Community Development**

## **Intro 18 Amendment to the Prevailing Wage Law**

### **Testimony to New York City Council**

**Elena Conte, Organizer for Public Policy Campaigns**  
**May 11, 2010**

Thank you for the opportunity to testify today. Pratt Center for Community Development works to create a more just, equitable and sustainable New York City through the provision of technical assistance to low and moderate income communities in support of their efforts to plan, build and shape policy that will affect their future.

We speak today in support of an important bill that is a necessary stepping stone to a more comprehensive citywide policy on prevailing wage standards. Through the development of the One City One Future platform, which brought together more than 50 diverse organizations, from across the city and across sectors, to envision the what equitable growth looks like and how to ensure it, we embraced the principle that underlies Intro 18: The city should use of all of its economic development tools to create living wage jobs, by making wage standards formal conditions for the receipt of public benefits. We must move beyond a deal-by-deal approach and make it formal city policy to ensure that all jobs on all subsidized economic development projects pay at least a living wage or a prevailing wage, whichever is greater.

Pratt Center has been involved in several of the recent major land-use review procedures where the issue of prevailing wage for building workers has arisen: the Greenpoint-Williamsburg rezoning; Willets Point; Hunters Point South; Coney Island. The track record of incorporating standards into these developments represents two things: 1) an acknowledgement by the city that its investments should not be used to support poverty wage jobs 2) an extraordinary amount of effort by stakeholders in the land-use review process to accomplish a result that should be determined by an over-arching policy. Codifying wage standards for new developments and lease arrangements in the way that Intro 18 specifies would:

- move the city toward a consistent and rational policy;
- provide a certainty of enforcement that side-letter agreements do not always accomplish;
- create additional space for stakeholders – including communities and Council Members – to focus on features of development proposals that are distinct to each neighborhood and each application, rather than placing a generic policy question into the mix of debated issues

We were also active participants in efforts to reform the 421-a tax abatement program in 2006, where similar requirements were written into the conditions that developers must meet in order to receive the benefit. We believe that this represents an important precedent that offers insights into how the pending legislation should be both considered and modified.

- First, participation in the 421-a program since 2006 has been robust, with more than 1,400 buildings in the program built from 2008-2010, even amidst the economic decline, indicating that the requirement has not had an adverse impact on development.
- Second, special efforts were taken in the crafting of 421-a reform to ensure that the new requirements would not adversely affect the creation of the most affordable housing, which is subject to different economic constraints than other types of development and which serves a portion of New York City's population that is the most vulnerable and in need of housing and supportive services. The language included in 421-a reform with regard to protections for specific types of affordable housing is a good starting point for arriving at what is an appropriate modification to this bill.
- We support the efforts of leaders in the non-profit affordable housing sector, such as Association for Neighborhood Housing and Development (ANHD), to ensure that a final version of this bill does not erect an unintended barrier to the creation of affordable housing.

Finally, Intro 18 is a vital step that will dramatically impact the lives of building service workers and the city's tax base. In an analysis that we conducted for the Greenpoint-Williamsburg rezoning in 2006, we found that while including building wage requirements in the development would have little impact on the developer or on the production of affordable housing, the difference between a non-union building service job and one that paid prevailing wage was approximately 30%. More significantly, this 30% represented the difference between a family of four living below 200% of the poverty line – and requiring public benefits – and the same family having the opportunity to experience a decent and more secure quality of life.

Creating jobs that pay prevailing wages are essential to forming stable communities. With a modification for the most affordable housing, we support this bill, and see it as an important step to an even more comprehensive policy that ensures that public dollars that support economic development only support quality jobs.

**NOTE:** This testimony was prepared by the Pratt Center for Community Development. It does not necessarily reflect the official position of Pratt Institute.

**Edwards, Tanisha**

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**From:** sponyinc@aol.com  
**Sent:** Monday, May 10, 2010 10:46 AM  
**To:** Edwards, Tanisha  
**Subject:** Re: here you go!

**FOR THE RECORD**

Tanisha,

Thank you for contacting me. As we discussed, I cannot attend the hearing but will submit my testimony via E-mail.

RE: PREVAILING WAGE BILL #18A

I am Roberta Bernstein, president of the Small Property Owners of New York. We have over 1,000 members who own the smaller, affordable housing in New York City and frequently live and work in the buildings we own and/or neighborhoods where our property is located. We all do our own management and frequently make many of the required repairs in our properties. We are the “mom and pop,” “hands-on” sector of the private rental housing market and supply the safest, most affordable housing in New York.

I regret that I will be unable to attend the hearing on the proposed Prevailing Wage Bill, but would like to submit my comments for the record:

Intro #18A is an unwieldy and poorly drafted bill that will almost definitely result in litigation for clarification purposes. Most importantly, the issue of “subsidy” is not specific and needs clarification – it must be more exact and specific.

Would Section 8 funds qualify as a subsidy? As you are aware, Local Law 10, passed in early 2008, requires owners of properties with 6 or more families to accept tenants who receive Section 8 funds. Although the funds do not originate with the city but pass-through the city, they could be construed as a subsidy. Would SCRIE benefits of \$10,000 or more qualify as a subsidy?

The ultimate result is that any bill requiring prevailing wage to be paid (and especially this very poorly drafted bill) would negatively impact on affordable housing: it will make the escalation of operating costs rise to a critical level for already distressed properties and will be a disincentive for developers to build new affordable housing.

This bill should not be passed because it (and any similar bill) will actually result in a loss of jobs and diminished quality of maintenance. Owners of borderline, financially troubled properties (and others) will be facing hard choices: do less maintenance, reduce the hours an employee works, fire an employee so that his salary can be used elsewhere, or personally take on more maintenance tasks.

If housing is one of the fuels that drives the economic engine of New York, then this bill puts water in the gas tank. If the number of employed people is essential to the city’s economic health, this bill would act like a deadly virus. This bill does not help employees, drives operating costs up and is not logical. It should not be passed.

5/10/2010

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/11/10

(PLEASE PRINT)

Name: George Sweeting

Address: \_\_\_\_\_

I represent: NYC Independent Budget Office

Address: \_\_\_\_\_

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I intend to appear and speak on Int. No. 18a 2010 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 05/11/10

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Name: Mark Price

Address: 712 North 3rd Street Harrisburg

I represent: Keystone Research Center

Address: 412 North 3rd Street Harrisburg

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(PLEASE PRINT)

Name: Michael McKee

Address: 233 W 21 (4D) NYC 10011

I represent: Housing Here and Now

Address: 80A Fourth Ave Brooklyn NY 11217

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 in favor  in opposition

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(PLEASE PRINT)

Name: Councilmember Bruce Kraus - Pittsburgh

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

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(PLEASE PRINT)

Name: Mark Price

Address: \_\_\_\_\_

I represent: Keystone Research

Address: \_\_\_\_\_

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. 178 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 5/11

(PLEASE PRINT)

Name: Stena Conte ON BEHALF

Address: 379 De Kaln Avenue Bklyn 11225

I represent: Part Center for Community Dev.

Address: STRINGER

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

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in favor  in opposition

Date: 5/11

(PLEASE PRINT)

Name: Shira Gans ON BEHALF

Address: OF MANHATTAN BOROUGH

I represent: PRESIDENT SCOTT

Address: STRINGER

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THE CITY OF NEW YORK**

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in favor  in opposition

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(PLEASE PRINT)

Name: Joel Coppersman

Address: \_\_\_\_\_

I represent: CASES

Address: \_\_\_\_\_

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I intend to appear and speak on Int. No. 18A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/11/10

(PLEASE PRINT)

Name: Sarah Houde / LISC NYC

Address: 501 7th Ave NYC 10018

I represent: LISC NYC

Address: \_\_\_\_\_

◆ Please complete this card and return to the Sergeant-at-Arms ◆

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I intend to appear and speak on Int. No. 18-A Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: JOHN DOYLE

Address: 570 Lorange Ave

I represent: REBNY

Address: 570 Lorange Ave

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Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 5/11/10

(PLEASE PRINT)

Name: DV4 FARFES

Address: 30 E 29th St NY, NY 10016

I represent: RWDSU

Address: 30 E 29th St, NY, NY 10011

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Appearance Card

I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Kevin Doyle

Address: 101 Avenue of the Americas

I represent: SEU32B

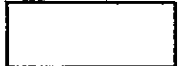
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THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. 18-A Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Benjamin Dulchin

Address: \_\_\_\_\_

I represent: ANHD INC

Address: 50 Broad Street

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THE CITY OF NEW YORK**

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in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: PAUL SONN

Address: NATIONAL EMP

I represent: NATIONAL EMPLOYMENT LAW PROJECT

Address: 75 MAIDEN LANE, SUITE 601, NY, NY  
10013

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/10/10

(PLEASE PRINT)

Name: JAMES PARROTT

Address: 11 Park Place

I represent: Fiscal Policy Institute

Address: same

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: MAY 11, 2010

(PLEASE PRINT)  
Name: ROBERT B ALEXANDER  
Address: 357 W 42nd STREET apt 1502 NY NY 10036  
I represent: 3235  
Address: 101

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 3/18/10

(PLEASE PRINT)  
Name: Andrew Friedman - Make the Road NY  
Address: 301 Green St. Bk NY 11205  
I represent: Make the Road NY  
Address: \_\_\_\_\_

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 05/11/10

(PLEASE PRINT)  
Name: Cleudio Telype Ibrova  
Address: 43-04 National street apt 3 floor  
I represent: MAKE THE ROAD NY  
Address: 92-10 Roosevelt av. Jackson Heights 11372

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: MHA VARGAS

Address: 771 1st Ave

I represent: SEIU 32BJ

Address: \_\_\_\_\_

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: GEORGE SMITH

Address: 148-03 Jamaica Ave

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 18 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: ELPIDIO SANCHEZ

Address: 2260 UNIVERSITY AV. APT 310  
BROX

I represent: SEIU 32BJ

Address: 101 SIX AVENUE

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Tokumbo Shobawale

Address: Chief of Staff

I represent: Deputy Mayor for Economic Development

Address: Bob Lieber

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:45 AM

I intend to appear and speak on Int. No. 18-A Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Carl Hum

Address: 25 Elm Pl. Bklyn NY

I represent: Brooklyn Chamber of Commerce

Address: 25 Elm Pl.

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:50 AM

I intend to appear and speak on Int. No. 15-A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5-11-10

(PLEASE PRINT)

Name: AL VOCT

Address: \_\_\_\_\_

I represent: BOMANY

Address: 11 Penn Plaza NY, NY 10001

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:54 AM

I intend to appear and speak on Int. No. 18A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/11/2010

(PLEASE PRINT)

Name: Harold Schultz

Address: 42 Broadway

I represent: CHPC

Address: 42 Broadway

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:56 AM

I intend to appear and speak on Int. No. 18A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/11/10

(PLEASE PRINT)

Name: Alison Badgett

Address: \_\_\_\_\_

I represent: New York State Association for

Address: Affordable Housing

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:56 AM

I intend to appear and speak on Int. No. 18A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 5/11/10

Name: Danielle Kline (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: Big Apple Circus

Address: \_\_\_\_\_

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

9:58 AM

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

Name: John Petro (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: Drum Major Institute

Address: \_\_\_\_\_

◆ Please complete this card and return to the Sergeant-at-Arms ◆