



TESTIMONY
OF
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NATIONAL EMPLOYMENT LAW PROJECT

ON
INT. 18 -- THE GOOD JOBS BILL

BEFORE THE
THE NEW YORK CITY COUNCIL
COMMITTEE ON FINANCE

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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.¹
- 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 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.²

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.³ 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.⁴
- Similarly, Los Angeles has extended wage requirements to all development projects that involve land owned by the city's redevelopment agency.⁵ And other cities have done the same for some or all projects receiving city subsidies.⁶
- 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.⁷
- 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.

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

² 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.

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

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

⁵ 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.

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

⁷ 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.