



Living Wage NYC

Our City. Our Lives. Our Future.

Fair Wages for New Yorkers Act Frequently Asked Questions

Q - What will the Fair Wages for New Yorkers Act do?

A - It will guarantee that when the city gives developers public subsidies, the jobs they create will pay at least a living wage. The types of employees covered include retail workers in subsidized shopping centers, concession workers at subsidized sports stadiums and cafeteria workers in subsidized office buildings. Small businesses, nonprofit organizations and affordable housing development projects are exempted from the living wage requirement.

The living wage will start at \$10.00 per hour – the same as under New York City's existing living wage law. Employees who are not covered by an employer-provided health plan will receive an additional \$1.50 per hour wage supplement to help them purchase their own health insurance.

Both the living wage and the health benefits supplement will be adjusted each year to keep pace with the rising cost of living. These annual adjustments will also apply to workers already covered by New York City's existing living wage law, such as the city's 50,000 contracted home health care attendants. Their wages, which have been frozen at \$10.00 per hour since 2006, will finally increase as a result.

Q - Why do we need it?

A - Every year, New York City spends billions of taxpayer dollars to subsidize economic development and create new jobs. But too often, the jobs supported with these public subsidies pay poverty wages with few benefits. According to the New York State Department of Labor, seven of the ten occupations that will add the most jobs in the city in coming years pay low wages.

Without a citywide policy to guarantee fair wages on subsidized development projects, community groups and advocates must mobilize on a project-by-project basis in order to push for fair wages. This creates uncertainty and slows New York's already lengthy approval process. A city living wage law that lays out clear expectations for developers will remove this obstacle and help speed growth.

Q - How will it benefit working families?

A - The living wage law will help New York create decent jobs – one of the city's most urgent needs. By ensuring that employers on projects receiving taxpayer-funded benefits pay their workers a living wage, the law will help thousands of hard-working families make ends meet and ensure that public resources are not used to promote poverty-wage jobs.

Q - How will it benefit businesses?

A - The law will benefit businesses and developers receiving economic development subsidies by establishing uniform rules of the road that are not negotiated project by project, giving stakeholders a clear understanding of the expectations attached to the receipt of taxpayer dollars.

Q - Have New York and other cities guaranteed living wages on development projects before?

A - Yes. Over the past decade, a wide range of cities have begun to guarantee living wages when developers seek public subsidies to create jobs. Some cities, including New York, have begun to do this on a project-by-project basis. For example, on the city's Greenpoint-Williamsburg and proposed Willet's Point redevelopment projects, developers and tenants are required to guarantee fair wages for building service workers. And on the planned Coney Island redevelopment, fair wage requirements were established for construction, building services and hotel jobs, and a goal for retail jobs.

Cities have also begun to move beyond agreements with individual developers, by enacting citywide laws that require fair wages on all subsidized development projects. More than a dozen cities have laws on the books guaranteeing living wages for workers on subsidized development projects, although their details and coverage vary. Examples include Los Angeles, which has made living wage guarantees the norm on virtually all major subsidized development projects, and Pittsburgh and Allegheny County (PA), which have the nation's most comprehensive laws guaranteeing fair wages on projects receiving taxpayer-funded subsidies. In fact, New York already started down this path in 2007, when it began requiring fair wages for building service workers on housing development projects receiving subsidies under the "421-a" tax abatement program.

Q - What impact will it have on development and job creation?

A - Critics claim that requiring fair wages on subsidized economic development projects will stall growth, arguing that developers will refuse to pursue projects with such requirements because they will not be able to find tenants or service contractors willing to pay a living wage. But the experiences of cities with these sorts of fair wage standards have shown that they have not slowed economic development.

For example, when fair wage requirements were established for workers on the city's Greenpoint-Williamsburg, Willet's Point and Coney Island redevelopment projects, there was no difficulty in finding developers willing to do the projects under those terms. Similarly, Los Angeles has found that its living wage requirements have not interfered with the city's ability to recruit major developers – or prevented developers from obtaining financing or finding business tenants to occupy the new complexes.

Moreover, a new national study by the Center for American Progress (CAP) provides a comprehensive national analysis of job growth in cities that extend living-wage laws to their economic development projects. It puts to rest the real estate lobby's claims that living-wage policies have impeded job growth by creating an "anti-development" business climate. The CAP study also debunks past research by David Neumark – the economist hired by the Bloomberg Administration to advise it on living wages.

Q - Can the city council require living wages on publicly subsidized development projects?

A - Yes. New York City uses two affiliated corporations – the New York City Economic Development Corporation (EDC) and the New York City Industrial Development Agency (IDA) – to negotiate economic development deals and award public subsidies. Although these agencies are separate from the city, the city maintains effective control over how they implement the city's economic development program and can therefore require that the deals they negotiate include living wage requirements.

First, the city directs how EDC operates the economic development program under a detailed annual contract between the city and the agency. Under the EDC contract, city officials must approve all development projects negotiated by EDC, and EDC must comply with a wide range of requirements set by the city, including complying with local laws. Some of these local laws explicitly mandate that certain requirements for EDC deals be included in the EDC contract. This history shows that the city council, and not just the mayor, can set policy for EDC, and may do so through EDC's contract with the city.

Second, much of EDC's operating budget, and significant portions of the public subsidies that the EDC and IDA award, originate with the city. For example, the Payments in Lieu of Taxes (PILOT's) that comprise a substantial portion of EDC's operations must be appropriated by the city council, which may impose terms and conditions on them. The council similarly appropriates all capital budget subsidies awarded to EDC and IDA financed-projects, and may impose terms and conditions on them as well. And city-owned land that is conveyed by EDC as part of subsidy deals originates with the city, which may impose conditions on its conveyance.

Q - How does it relate to New York City's existing living wage law?

A - New York City's existing living wage law applies to workers at businesses performing certain types of contracts for the city. The Fair Wages for New Yorkers Act will extend these living wage protections to workers on subsidized development projects. And it will ensure that the wages for both of these groups of workers increase each year to keep pace with the cost of living.

Q - How does it relate to the Good Jobs Act (Intro 18-A)?

A - Intro 18-A will guarantee prevailing wages for building service workers employed on publicly subsidized development projects. The Fair Wages for New Yorkers Act will guarantee living wages for other workers, such as retail workers, food service workers and office workers. Together, the two bills comprise a comprehensive package for ensuring that subsidized economic development projects deliver quality jobs for low-income New Yorkers.

Q - How will the city enforce the new law?

A - The Fair Wages for New Yorkers Act authorizes the Comptroller to monitor, investigate and bring enforcement proceedings where employers fail to pay the living wage. This is the same enforcement system that New York has used since 2002 under its service contractor living wage law.

For more information about the Fair Wages for New Yorkers Act, please contact Ava Farkas at 212-684-5300, afarkas@rwdsu.org, or visit <http://www.livingwagennyc.org>.