

Prevailing wage bill a bad move that could hurt city's BIDs



REBNY *Watch*

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The NY State Senate recently passed a new prevailing wage bill that greatly impacts business improvement districts (BIDs). It would require that the workers who provide security and sanitation service be paid prevailing wages.

In a number of cases we are aware of, it could double the cost of these services and add more than \$1 million to a BID budget.

This proposed bill will broaden the scope of prevailing wage requirements for service employees at public agencies. The bill includes BIDs in its definition of a public agency.

BIDs are voluntary associations whose operating funds come from its members. They receive no financial assistance or benefit from the city for the basic services it provides.

Instead, the BID members have agreed to pay more to supplement many important services, including security, sanitation and streetscape improvements. As a result of these additional self-funded services, BIDs have transformed neighborhoods.

These improvements have raised economic activity in these areas, encouraged business expansion, attracted tourists, have generated additional property taxes which have funded many vital city services and most importantly created thousands of jobs.

The success of the original BIDs in revitalizing many areas of Midtown Manhattan has

led to their increased popularity and the creation of BIDs in Lower Manhattan and other parts of the city.

Mandating the payment of significantly higher wages for BID-provided services would result in a significant reduction in the number of workers performing these services and level of services that the BIDs now provide. Inevitably, these service reductions will lead in time to a substantial decline in the quality of life in these neighborhoods.

In these challenging financial times, BID members who have already reduced operating expenses in their own firms are going to be unable and unwilling to raise assessments to cover these increased service costs. No doubt the BIDs, like their member firms, will try to do more with less.

However, these service reductions incurred to pay higher salaries will manifest themselves on the streets and avenues of these neighborhoods. Mandating higher wages for service employees at public agencies is a questionable public practice whose costs are borne by all taxpayers.

Extending this costly public policy to private associations by classifying them as a public agency punishes taxpayers, particularly those who already are voluntarily paying more for neighborhood services that is a benefit to all New Yorkers.

For these reasons, we opposed the bill in the Senate. We are working with the BIDs and others to oppose this legislation in the Assembly.

Proposed Traffic Pattern Change for 34th Street

REBNY members are raising questions about the city's plan to change the traffic pattern of the full stretch of 34th Street from the Hudson River to the East River.

Vehicles will be banned entirely on the block between Fifth Avenue and Avenue of the Americas, creating a pedestrian plaza bookended by the Empire State Building and Herald Square.

They are concerned what the potential impact would have on the retail establishments along this major corridor and what the residual impact will be on the other side streets with traffic diverted from 34th Street.

REBNY is going to survey its members for feedback.

The plan calls for the street to be split in two. On the west side, all car traffic would flow west, all car traffic would move east toward the East River.

Buses would be able to travel in both directions and through the plaza, but in lanes separated from passenger cars by a concrete barrier.

A public hearing on the plan was recently held. The intent of the plan is to create more space for pedestrians and to speed up bus trips on the streets cross-town routes.

What needs to be examined is the impact of these traffic changes will have on the diversity of business activity on and near this major commercial street.

This plan was first proposed in 2008 by the Transportation Department. The final design of the plaza and traffic changes is expected in fall 2011, with the street ready for use by the end of 2012.

The redesign is expected to cost a minimum of \$30 million and officials said they would continue to tweak the plan based on public reaction and in-house studies.

Property Taxes

REBNY continues to keep an eye on any new regulations in the administration of the property tax that affect its members. Here are two recent items:

The Department of Finance adopted an amendment relating to filing of income and expense statements. Commercial and residential properties with an actual assessed value of \$750,000 or greater, will now have to file electronically an addendum to their income and expense statement, in a format determined by the Commissioner, containing rent roll information for the month of April of the year during which the income and expense statement is required to be filed.

The purpose of requesting this additional information is to better track market changes with more current data. REBNY has spoken out against this amendment and questioned the city's authority under the current statute to require this additional information. Further, we think that this request will provide more detailed property information that the Department cannot use effectively in valuing the nearly 1 million parcels every year.

The NYC Tax Commission is proposing a fee for applications that correct assessments. The \$175 fee would be imposed on applications for properties having an assessed value of \$2 million or more when the application is scheduled for review.

We have been advised that the courts have rejected such fee proposals in other jurisdictions. Moreover, we think it is unfair for the city to charge the taxpayer to correct the city's initial mistake when it inaccurately assessed a property.