



The Kingsbridge Armory Redevelopment Alliance

103 East 196th Street

Bronx, NY 10468

To: Members of the New York City Council

From: Stuart Appelbaum, President, Retail, Wholesale and Department Store Union
Teresa Andersen, President, Northwest Bronx Community and Clergy Coalition

Date: Nov. 24, 2009

Re: Response to Jesse Masyr's November 18 Communication to City Council

We are responding to the memo that you received last week from Jesse Masyr and The Related Companies regarding the Council's Zoning and Franchises Subcommittee hearing on the development of the Kingsbridge Armory on November 23, 2009.

Much of what Mr. Masyr says in his memo is inaccurate and we need to set the record straight.

While he claims to support the concept of a living wage in theory, he states emphatically that The Related Companies cannot control the actions of its future tenants and, therefore, Related "can only make commitments on issues within their control." This is patently untrue.

Including a Living Wage Agreement does not prevent any potential tenants from signing a lease.

Any lease that Related's tenants have signed reveals that Related does control their tenants' actions in many ways, from what type of insurance they must carry to how their waste is removed.

Related can include living wage language in their leases. They have a right to do so. That is within their control. It is clear that they do not want to, have never wanted to and will not include living wage language in their leases unless they are required to do so.

The wage data that Mr. Masyr cites in his memo are both inaccurate and misleading in regards to the Bronx. The statistics that he uses include the following counties: Bergen, Hudson, and Passaic Counties in New Jersey; and Putnam, Rockland, and Westchester Counties in New York (some of the richest counties in the country), and have nothing to do with what happens in the Bronx. In addition, the data Masyr uses do not address the issue of employee benefits. Research has shown that retail workers are less likely than other workers to have employer-sponsored health insurance and also more likely to pay a larger share of their health care premium when they do. Therefore, momentarily putting aside concerns about how Mr. Masyr derived his projected wage estimates, it is important to remember that the wages he cites-absent health benefits-do not constitute a living wage. We have attached an analysis by the Fiscal Policy Institute that provides more detail of the misleading nature of Mr. Masyr's statistics.



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Mr. Masyr's claim that to require tenants to pay a living wage at the Armory would saddle Related with an "unlevel playing field" is nonsense. (Imagine the delighted response of developers who do not receive millions in taxpayer subsidies when they learn of Mr. Masyr's concerns of providing a level playing field to all.) What is not level on this economic playing field are the opportunities for taxpayers, workers, and residents of the Bronx to receive something in return -- in the form of good-paying jobs -- from the use of their tax dollars so that Related can make a profit.

Finally, his argument that the solution to providing a living wage is to establish a citywide policy is simply a lame attempt to shift the focus of solving today's problems of persistent poverty in the Bronx to some hypothetical point in the future.

We will be providing you with additional information on living wage jobs, labor peace/neutrality, traffic, and more to help inform you further about our position. We trust you will consider this information as you deliberate whether or not to permit Related to go forward with yet another development in the Bronx that will extract hard-earned dollars from our community without providing us with good jobs and other benefits.

We look forward to continuing our dialogue with you. Please do not hesitate to call KARA co-conveners Stuart Appelbaum, President, Retail, Wholesale and Department Store Union at 212-684-5300 or Teresa Andersen, President, Northwest Bronx Community and Clergy Coalition at 718-584-0515 if you want to discuss any aspect of our position.

Thank you in advance for your attention to this very important matter.

Fiscal Policy Institute

November 24, 2009

Contact: Michele Mattingly (646-278-5681; mattingly@fiscalpolicy.org)

Mr. Masyr claims that May 2008 Occupational Employment and Wage statistics support projections that the Armory development will create more than 600 permanent jobs paying a minimum of \$10 an hour. He goes on to say that almost 500 of those positions will pay a minimum of \$11.50 an hour. Mr. Masyr does not elaborate on how he arrived at these estimates, but an analysis of the relevant data sources does not provide evidence for his assertion.

At the outset, one must recognize that government occupational wage data will not govern the wages that will be paid at the Armory—this will depend on what employers choose to pay or what the City will require. However, given that Mr. Masyr has referenced government wage data and made claims about minimum wages “projected” to be paid, it is reasonable to examine the merit of his claims.

First, the May 2008 Occupational Employment and Wage statistics published by the Bureau of Labor Statistics’ (BLS) Division of Occupational Employment Statistics (OES) pertain to the entire New York-White Plains, NY-Wayne, NJ Metropolitan Division. This geographic unit comprises New York City, Putnam, Rockland, and Westchester Counties in New York, and Bergen, Hudson, and Passaic Counties in New Jersey. The published wage estimates are not specific to New York City, let alone the Bronx. Quarterly Census of Employment and Wages data published by the BLS show that retail wages in the Bronx are lower than the New York City average. Further, the OES wage data are drawn from surveys that include unionized establishments. Current Population Survey data show that unionized retail workers in New York City have a median wage that is a full \$2.00 an hour higher than that of their non-union counterparts. Taking all of these considerations into account, it is unreasonable to use the OES wage data to project what workers at the Armory will earn.

Second, Mr. Masyr cites specific minimum wages—\$10 and \$11.50 an hour—but he does not state how these figures were derived or how they relate to the published OES wage data, other than to say that “these projections are based on median wages without higher level managers factored in.” The most relevant occupations to consider are retail salespersons and cashiers since Current Population Survey data show that these occupations represent 36 percent and 24 percent, respectively, of all non-managerial, non-professional retail workers in New York City and together account for 60 percent of those workers. The median wage for retail salespersons in the New York-White Plains, NY-Wayne, NJ Metropolitan Division in the May 2008 OES data is \$10.55; for cashiers, it is \$8.70. (The median wages for these occupations as published by the New York State Department of Labor for quarter two of 2009 in New York City are slightly lower: \$10.49 and \$8.43.) Medians are the mid-point in a distribution--this means that half of the retail salespersons in the survey earned less than \$10.55 and half earned more than this amount. Even assuming a perfect correspondence between the OES data and the wages to be paid at the Armory, it is not clear how Mr. Masyr interpreted the OES data in such a way as to project a minimum wage of \$11.50 for nearly 500 workers. Even if the OES data were indeed representative of wages to be paid at the Armory, the OES figures are medians, and one cannot project minimums based on medians.

Finally, the OES wage data do not address the issue of benefits. Research has shown that retail workers are both less likely than other workers to have employer-sponsored health insurance and also more likely to pay a larger share of their health care premium when they do. Therefore, momentarily putting aside concerns about how Mr. Masyr derived his projected wage estimates, it is important to remember that the wages he cites—absent health benefits—do not constitute a living wage.