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OPINION

Economic development, babies and bathwater

By HOPE KNIGHT and RANDY PEERS
NEW YORK DAILY NEWS | JAN 27, 2020





A view of the waterfront of Long Island City where Amazon planned to build HQ2 in the Queens borough of New York, along the East River. (DON EMMERT/AFP via Getty Images)

In the 11 months since Amazon decided to withdraw its plans for a headquarters in Long Island City, there has been an on-again, off-again debate about the incentives that were offered to bring 25,000 to 40,000 jobs to Queens.

Now that debate has spilled over into a debate about how best to promote jobs and vibrant neighborhoods throughout the City. But focusing on the Amazon deal misses key facts about economic development incentives.

Despite the headlines about the Amazon deal, many of our economic development programs, such as the Energy Cost Savings Program, go to small and mid-size companies that rely on these incentives to offset high business costs and expand in areas like Brooklyn and Queens.

We represent organizations that have spent decades working to build communities in Brooklyn and Queens into a strong economic base. Our efforts began in the years when people and jobs were fleeing New York. It's been hard work, but it's paid dividends.

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Creating vibrant mixed-use neighborhoods produces [clear](#) benefits: everything from job opportunities for lower-income residents to healthier residents thanks to more walking, to less traffic and congestion as we get jobs out of the Central Business District and closer to where people live, to less crime because there are more people on the street at all hours of the day.

But vital neighborhoods and jobs that support them don't just magically appear outside the Central Business District; they need to be cultivated. Here in New York, we have had a robust set of plans to create jobs throughout the city — everything from supporting a hospitality hub in Jamaica to developing Metro-North stations in the Bronx.

A key component of these strategies has been targeted tax incentives to make it easier for companies to grow jobs outside of the Central Business District. Despite the benefits of our communities, many companies are hesitant to build here. Some would prefer to be in Midtown. But many are considering Pennsylvania or New Jersey or Connecticut, where rents can be cheaper and economic development incentives offer deeper benefits.



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That's why New York's incentive programs are so important. They help us compete in the regional economy. Contrary to what you might think, most recipients are not multinational conglomerates. Instead, they are advertising agencies and architectural firms and small businesses that manufacture

automotive safety systems — to name a few businesses that have grown in our boroughs thanks to programs like the Relocation Assistance & Employment Program (REAP), one of the tax benefits for which Amazon also qualified.

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Two hundred companies got REAP in 2015, and the entire cost of the program that year was \$33 million. Assuming the \$3,000 per job credit, this equates to [creating and retaining](#) 11,000 direct jobs (with many more indirectly created in surrounding neighborhoods thanks to office workers who now need to get lunch or stay after work for a bite to eat or a drink).

Similarly, another program called the Industrial and Commercial Abatement Program (ICAP) [helped 1,200 users](#) in 2019, 88% of whom were recipients with under 50,000 square feet of space.

Other programs, like the Energy Cost Savings Program, help small businesses deal with the high costs in New York. Thanks to this program, 600 companies, 70% of which have fewer than 50 employees, kept over 16,000 jobs here in New York — rather than fleeing to lower-cost regions.

Reasonable people can debate how to best build and maintain vibrant local economies throughout New York. But we should not view these programs based entirely on one deal. To do so does a disservice to those of us who have spent decades building our neighborhoods one deal at a time.

[\[More Opinion\] How I learned to like Kobe Bryant »](#)

Knight is president and CEO of the Greater Jamaica Development Corporation and Peers is president and CEO of the Brooklyn Chamber of Commerce. They are co-chairing the Five Borough Jobs Campaign.

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