



NYC Jobs Blueprint Key Proposals

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New York City has seen its economy grow and diversify under Mayor Bloomberg, but increasing **global competition, rising costs and tightening fiscal conditions** will present the next mayor with new challenges. The Partnership for New York City has prepared a report that analyzes how the policies and programs of the past decade must be adapted to insure that NYC remains the world's pre-eminent city of opportunity for business and residents alike in the years ahead.



MORE & BETTER JOBS

Economic growth and accelerated job creation in the decade ahead will largely depend on the ability of startups and middle market firms to reach bigger scale, particularly those in technology and other "tradable" sectors that export goods and services to markets beyond

the five boroughs. It will also depend on stabilizing legacy industries that anchor the city economy. Key recommendations to create more and better jobs include:

1. Build Urban "Tech Campus" Developments in Every Borough

NYC can attract significantly more job-generating entrepreneurs by establishing "west coast" style, live-work tech campuses in each of the five boroughs, further reinforcing the city's brand as a center of technology and innovation. Potential sites include obsolete factories and hospitals, disused Class B office space, or vacant manufacturing sites. Sunset Park and Long Island waterfronts, Staten Island's North Shore and the Port Morris section of the Bronx are

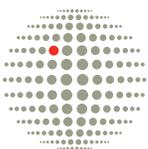
prime examples. Some rezoning to allow for conversion into flexible working and living space may be required. The Partnership's investment fund is prepared to invest \$20 million in furtherance of this proposal.

2. Replace Non-Strategic Economic Development Programs with Jobs Tax Credits

The City's economic development programs are poorly targeted, have little multiplier value in the economy, and are not sufficiently robust to make New York competitive in high-growth sectors. To accelerate business expansion and middle-income job creation, NYC needs to swap outdated tax and bond financing incentives with Job Tax Credits, where incentives are tied to creation of high quality jobs and limited to tradable sectors that advance the City's goals for economic growth.

3. Reinforce the Financial Services Sector

The financial services sector accounts for 35% of the total private sector payroll in NYC. Maintaining these good-paying jobs requires retention of current firms, attraction of new



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firms from regions such as Europe and emerging economies, and growth in financial technology businesses. It will require a proactive marketing program and supportive business, regulatory and tax environment in both the city and state.

4. Accelerate Sector Diversity

In addition to diversification of economic activity across the five boroughs, efforts to support the growth of new industries must continue. Traditional sectors (finance, construction, government, healthcare, professional services, education, retail and food) make up 66% of the local economy, while emerging sectors contribute just 17%. Increasing this share to 20% in the next decade can be achieved by supporting the technological transformation of legacy industries (financial technology, health information technology, and big data applications) through marketing, promotional and programming activities.

5. Expand Export Intensity

NYC significantly lags other major U.S. cities in international exports. Raising international exports in NYC to 10% (currently 5.5%) could add up to 162,000 jobs in the next decade. Current sources of export advice and financing are aimed mostly at large, established businesses. The City should establish an Export Exchange to assist small and medium sized businesses by enlisting help from major international firms to introduce their local supply chains to international markets; leverage NYC & Company's foreign offices to promote and facilitate the selling of NYC produced goods; and procure SBS in coordinating outreach and intergovernmental assistance.

6. Encourage New Manufacturing & Artisan Enterprise

While traditional manufacturing has continued to decline, technology-enabled "advanced" manufacturing is growing. Obsolete economic development tools must be updated and resources re-directed into creating modern manufacturing clusters in order to support jobs growth in tradable, export sectors. Highly-focused public-private partnerships that have proven successful in expanding the city's manufacturing base – by providing affordable space and shared services that support specialty production – could be replicated and expanded in areas where the city has a clear competitive advantage.

7. Promote Tech Startups

Silicon Valley is the center of technology innovation, but future growth will be in the application of technologies to financial services, health, retail and other industries where NYC enjoys a huge competitive advantage. Aside from mentoring, marketing and promotional programs that continue to engage the tech sector, growth in startups will require greater venture capital investment activity through vehicles such as an Angel Investor tax credit and creating affordable lab space for life science startups.

8. Champion Diversity in the Tech Sector

NYC can diversify tech sector professional employment and entrepreneurial leadership by working with employers and educational institutions to promote efforts to recruit and

mentor minority students for science, technology, engineering or math (STEM) education, offering internships for work experience, and developing a program to help place minorities in the city's tech sector jobs.

9. Establish Industry Partnerships for Economic Development

The City should create industry-specific entities charged with boosting job creation and economic output in key growth sectors (financial services, technology, creative industries and advanced manufacturing) much like NYC & Company did to bolster tourism in the city. These entities would identify scalable companies; facilitate access to talent, capital and global markets; work with the City's education and workforce development system to design curriculum, credentialing, apprenticeships and job placements; and advise government on projected job needs to accommodate public funding and training institutions.

10. Create a Commercial Rent Tax Credit

New York City is unique in imposing a tax on commercial rents for any business tenant in Manhattan (south of 96th Street) that pays more than \$250,000 in annual rent. This 6% tax on base rent is a powerful disincentive for companies to expand here and should be eliminated. Recognizing that this would represent revenue losses of half a billion dollars, an interim measure could be a credit against the tax for new companies that hit the rent threshold by virtue of expansion that creates new, middle-income jobs.

11. Establish a Resource Center for Job Creators

The City should work with the real estate brokerage and consulting community to establish a gateway resource center for companies that are seeking to locate or scale up in the city to alleviate any confusion and consolidate the process. Resources should include a centralized list of available office space, help with obtaining permits and government approvals, and linkages for employee recruitment and training.

12. Create a Permanent Innovation Advocacy Organization

A new 501(c)(3) organization should be formed to advocate for policies, programs and projects that promote the city's status as a global capital of innovation in every sector. This group will be comprised of leaders of business who are at the forefront of innovation and the heads of the city's academic and medical research institutions.



BETTER EDUCATED & SKILLED WORKERS

In the next decade, secondary and higher educational institutions must focus on producing more graduates who are prepared for the 21st Century workplace. This is particularly true of public institutions whose primary responsibility is to assure NYC's public school graduates the opportunity to move up the economic ladder.

13. Launch NYC 2020 Jobs Challenge — A Partnership between Employers & Educators

The Partnership for New York City proposes the creation of NYC 2020 Jobs Challenge in which employers commit to coordinated engagement in a city-wide career and technical education initiative to significantly reduce unemployment and underemployment of NYC high school and college graduates through appropriate training and placement. The challenge would require that employers agree to specific goals for providing work experience through mentoring, internships and opportunities for employment, while the State, City and educators would agree to work with employers to reform curriculum, credentialing and certification processes and upgrade professional development of educators to match demands of the workplace.

14. Establish Outcome-Based Criteria for Education Funding

Funding and evaluation of educational institutions must be firmly tied to student outcomes, including job placement. Currently, the system is blind with respect to job placement and earnings of graduates because there is no access to the state's Wage Reporting System (WRS) data. New York needs to do what other states have done successfully – use WRS for systemic portfolio review and to guide public investment in education and workforce development, while protecting individual privacy. Working with industry, the City should develop a market-based skills database with up-to-date information about the size, nature and skills requirements of the relevant job market.

15. Coordinate Education, Workforce Development & Job Placement Functions under a Chief Talent Officer

The city's education, workforce development and job placement systems are not adequately coordinated with the needs of employers. A Chief Talent Officer position should be created and appointed by the Mayor to better coordinate these functions, serving as a liaison to private industry to understand their workforce needs and align educational and training programs to meet those demands.



GREATER CONNECTIVITY & ACCESSIBILITY

Global cities are only as great as their basic infrastructure, which must be up-to-date, well maintained and resilient. Superstorm Sandy revealed vulnerabilities in the power, transit and communications systems that will add to a

long list of city infrastructure modernization and expansion needs, from leaking water tunnels and solid waste systems to digital connectivity.

16. Pursue Universal & Redundant Connectivity

Affordable and reliable broadband and wireless access is critical for businesses to operate, but the city's digital infrastructure lags its competitors, particularly in the boroughs where startups are looking for low cost space. The

City needs to work with providers, on an accelerated basis, to amend the legal and regulatory barriers that are impeding the rollout of universal access and to create the right incentives for private investment.

17. Advocate for Improved Airports

Airport capacity and condition and are among the most important factors affecting the city's future growth. Travel delays at New York Metropolitan airports cost the regional economy \$2.6 billion in annual losses. Advocacy is needed at the Federal level for modern satellite air traffic controls that enable flights to fly more precise, direct paths that save time and fuel. Improvements to groundside services are also needed, including better facilities for freight and trucking operations and drivers.

18. Redesign the Transportation Network

In response to changing demographics and commuting patterns, the City needs to make a regional commitment to reconfigure the transportation system. Components of this include cross-Hudson crossings, improved airport access and regional freight movement. Solutions that could have significant and immediate impact on travel times include BRT (bus rapid transit), congestion pricing, tolling bridges and creating a robust ferry system that ties into the MTA mass transit system.

19. Tap Private Sector Resources

State legislation dictates the ability of the City and its agencies to establish public-private partnerships or innovative design-build initiatives for financing and expediting public infrastructure projects. At least 34 states and Puerto Rico have laws that allow private investment in public projects on flexible terms. New York City and State should organize a business-labor partnership to advocate for similar legislation and seek to put pension funds and private capital and expertise to work on the city's infrastructure challenges.



SAFE & AFFORDABLE LIVING ENVIRONMENT

New York's "livability quotient" is high when it comes to safety, green space and other quality of life criteria. The New York City Police Department needs to continue to have the

resources and authority to maintain the high level of safety and security that they have attained in recent years. After safety, the biggest livability challenge is rising housing costs.

20. Optimize Existing Housing Resources

The City needs to dramatically improve housing conditions by enforcing existing rules on regulated or subsidized units. Incentives to upgrade illegal units and subdivide large homes into rental units should be created. The City should reform laws that provide a housing affordability advantage on a basis other than economic need and family size. Codes and zoning should be amended to legalize and encourage development of accessory units and work-live accommodations on existing properties that are currently underutilized.

21. Reduce Costs of Housing Construction

The city should optimize housing development and reduce costs by increasing floor area ratio (FAR) for residential development; reducing parking, setback and yard requirements; increasing inclusionary zoning bonuses; and simplifying and expanding the allowable transfer of development rights. Micro-units are an obvious and important housing option that the city should make legal.

22. Prioritize Long-Term Planning & Sustainability

The Bloomberg Administration established the Office of Long Term Planning and Sustainability, with a citizen advisory council, to insure cross-agency cooperation on achieving a greener, more energy efficient city. The experience with Superstorm Sandy drove home the importance of this office and will result in a new set of priorities to meet. Other needed actions include making certain green building code retrofits mandatory in combination with scaling up the city's nonprofit Energy Efficiency Corporation to provide funding for the pilot stages of retrofit compliance.

23. Improve Services in High Crime Communities

There remain a handful of communities where the violent crime rate is significantly higher than in the rest of the city, particularly in and around NYCHA buildings. Installing more security cameras, adding strategic lighting and placing security guards in lobbies are a few approaches recommended by the NYPD to reduce the number of violent and petty crimes. At the same time, connecting youth in these communities to education and jobs must be a priority for the city's workforce development agenda. For greater impact, a commitment is also needed by public funding agencies to coordinate funding and services directed at disconnected youth.



EFFICIENT, DISCIPLINED & WELL-RUN CITY GOVERNMENT

New York is a mega-city that presents a mega-management challenge: a \$70 billion budget, 354,000 employees, 40 departments and hundreds of agencies, commissions and offices. Tightening fiscal conditions in the city's budget will force leaders in government to ensure efficient operation of all City agencies.

24. Eliminate the Structural Budget Deficit

The City must reduce expenditures and find new sources of revenue to close the projected structural deficit. Public employee pensions and health benefits are absorbing resources the city needs to support essential services and must be renegotiated. The capital budget also must be brought under control, since rising debt service is a major contributor to operating expenses. Raising taxes is not a viable option if the City is going to continue to attract new businesses and investment, so increased revenues will depend largely on economic growth.

25. Recruit Strong, Tech-Savvy Managers

The key to the success in managing the complex enterprise that is NYC government is the quality of the line managers. The business community is prepared to work with the next Mayor to identify and recruit highly qualified managers, on both a staff and volunteer basis. Outdated civil service rules should be changed to staff government appropriately.

26. Reform Property Tax

Redesign of the city's property tax system is needed to create a more fair and transparent tax regime that aligns with the city's priorities and captures market value in its assessments. Property tax exemption and abatement programs, which accounted for approximately \$4.6 billion in foregone city revenue in FY2013, must be updated to ensure they are reaching intended beneficiaries.

27. Evaluate City-Owned Property for Revenue Potential & Economic Development

A central inventory of City-owned land and buildings should be compiled and reviewed by an independent commission, with an eye toward adaptive reuse, sale or other disposition. This would include real estate, air rights, facilities and services where the disposition could result in net revenues, reduced expenditures or more optimal use.

28. Redesign Community Service Delivery for "Collective Impact"

Economically disadvantaged communities are typically poorly served by the current system of government funding and multiple delivery channels for a range of health, educational, workforce development and community services. As government resources are less available, the need to get service providers into a single, more effective delivery system is critical. In response to fiscal constraints, City and State agencies should review pilot projects and create a system for integrated funding, service delivery and performance evaluation in high needs communities.

29. Mobilize Business-Labor-Citizen Lobbying Efforts to Support the City's Agenda in Washington, DC & Albany

NYC taxpayers continue to send much more revenue to the state and federal government than they get back in the form of monetary aid or services. Many state and federal laws and regulations fail to provide NYC with the discretion and flexibility required to run the city in an efficient and cost-effective way. Business and labor must be on the same page to lobby for necessary resources for the City to sustain economic growth, create more and better private sector jobs, and retain its status as the global capital of business and finance.