



# COMBATING THE GENTRIFICATION OF JOBS IN NEW YORK CITY

A REPORT BY  
ALIGN: THE ALLIANCE FOR A GREATER NEW YORK  
& NEW YORK COMMUNITIES FOR CHANGE



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**ALIGN: THE ALLIANCE FOR A GREATER NEW YORK** is a longstanding alliance of labor and community organizations united for a just and sustainable New York. ALIGN works at the intersection of economy, environment, and equity to make change and build movement. Our model addresses the root causes of economic injustice by forging strategic coalitions, shaping the public debate through strategic communications, and developing policy solutions that make an impact.

**NEW YORK COMMUNITIES FOR CHANGE** is a multi-racial membership based organization of working families fighting against economic and racial oppression. NYCC members are agents of change, building movements and campaigns from the ground up and fighting corporate power at its core. NYCC members use direct action to defend & uplift our communities, challenge capital, and fight back against racist structures and economic policies that continue to extract wealth from our communities and neighborhoods.

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## INTRODUCTION

### INCOME INEQUALITY, GENTRIFICATION AND THE LABOR MARKET IN NEW YORK CITY

Over the past forty years the United States economy has seen the deterioration of wages and working conditions – particularly for low-wage workers and the middle class – across multiple industries. Today nearly half the workforce in the United States toils in jobs that pay less than \$15 an hour.<sup>1</sup> While the economy has recovered from the Great Recession, wages increased most for the very wealthy,<sup>2</sup> and race and gender pay gaps remain. Income inequality is particularly persistent for Black workers at nearly every wage level.<sup>3</sup>

New York City is not immune to rising income inequality. In fact, it's one of the most unequal places in the entire country when you look at wage and income disparities.<sup>4</sup> While unemployment is at historic lows citywide, it remains concentrated in low-income neighborhoods like Brownsville and the Northwest Bronx. Although more young adults have jobs, they are mostly part-time or temporary, according to a recent study on disconnected youth from the Community Service Society.<sup>5</sup>

Last June, Mayor de Blasio unveiled *New York Works* – a plan to create 100,000 jobs that pay at least \$50,000 over the next 10 years.<sup>6</sup> Under *New York Works*, Mayor de Blasio will incentivize private actors in the life science, tech, and other STEM sectors to create jobs in New York. However, when these companies receive economic development subsidies to finance jobs and housing in low-income neighborhoods, too often long-time residents fail to reap the benefits.<sup>7</sup>

New Yorkers in need of high-quality, long-term employment – including those working in low-wage fields, receiving public assistance, or the unemployed – may need levels of training to access the jobs created through economic development subsidies that companies do not provide. So these ready, willing, and able workers are often excluded from employment opportunities at these firms.

If *New York Works* does not prioritize equity, the seeds will be planted for a “gentrification of the labor market.” Indeed, community advocates and organizers have increasingly noticed that gentrification impacts not only housing costs, but also workforce opportunities and access to employment for low-income New Yorkers who have long been denied access to high quality jobs. This report examines the limitations and flaws of the de Blasio administration’s job creation efforts and reveals that, over the past four years, the City has failed to make key investments in jobs and workforce development that would directly benefit New York City communities still struggling with high rates of unemployment and other economic challenges. Additionally, it offers recommendations for how de Blasio can redirect investments in job creation in his second term at City Hall to serve economically disadvantaged New Yorkers who have been left behind.

# GEOGRAPHIC & RACIAL DISPARITY IN JOB GROWTH & INCOME GROWTH IN NEW YORK CITY

These challenges are even more compounded in some of New York City’s poorest communities. In the country’s fastest-growing neighborhood, Long Island City (zip code 11101), the number of jobs jumped almost 30% between 2002 and 2015. During the same period, unemployment in Queensbridge and Ravenswood Houses – two nearby public housing projects – increased significantly.<sup>8</sup>

Long-neglected neighborhoods like Brownsville in Brooklyn and University Heights in the Bronx, have suffered from decades of public disinvestment in education, infrastructure, and housing. Today, public and private money is flowing into distressed neighborhoods across the City – often with serious unintended consequences, like housing displacement, educational segregation, and over-policing of Black, Latino, and immigrant communities, causing existing residents to ask who exactly this “investment” is for.

In fact, recent studies by the Community Service Society have found that as New York City gentrifies, poverty is becoming more concentrated.<sup>9</sup> Unemployment remains high in select neighborhoods despite the fact that it is on the decline across the City. While the number of disconnected youth (out of school and out of work) has declined overall, it has increased in lower-cost neighborhoods like Flatbush, the Rockaways, and the North Shore of Staten Island.<sup>10</sup>

**Gentrification impacts not only housing costs, but also workforce development and access to employment for low-income New Yorkers who have long been denied job opportunities.**

Sub-Borough Area	Unemployment Rate	% White	Poverty Rate
Brownsville/Ocean Hill	14.02%	3.5%	33.2%
University Heights/Fordham	12.74%	1%	41.1%
Morrisania/Belmont	11.63%	5%	36.3%
Highbridge/South Concourse	11.60%	2.2%	34.9%
Kingsbridge Heights/Moshulu	10.71%	6.3%	31%
Mott Haven/Hunts Point	10.56%	1.8%	36.9%
<b>New York City</b>	<b>6.8%</b>	<b>31.8%</b>	<b>18.9%</b>

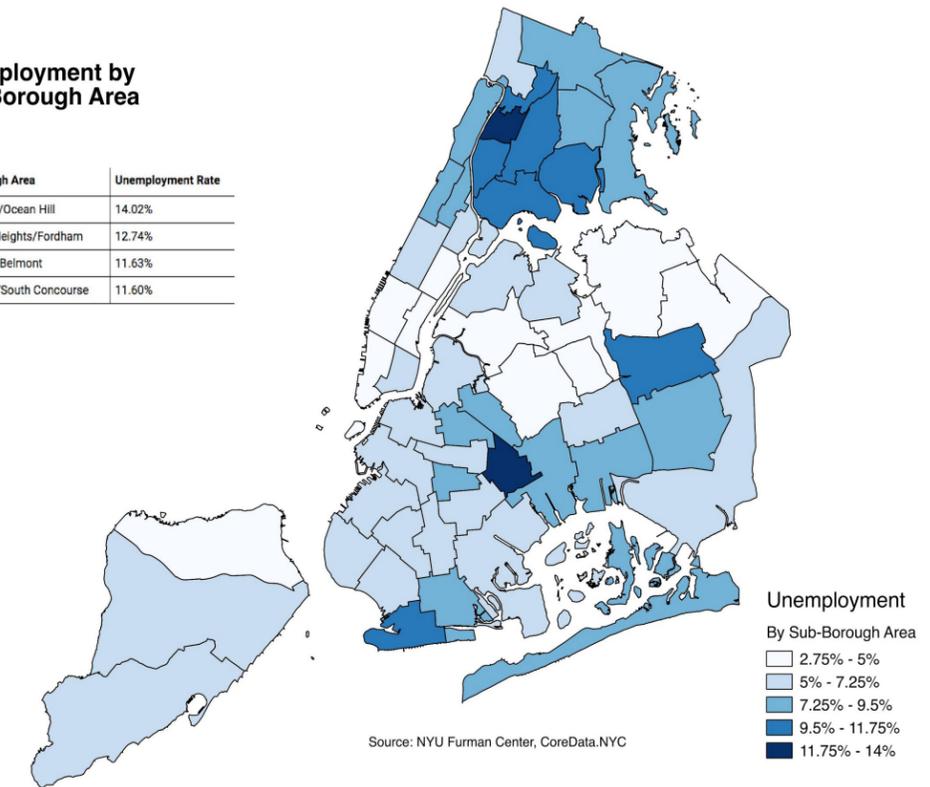
*Neighborhoods with Unemployment Rates Over 10%, 2016*  
 Source: NYU Furman Center, [coredata.nyc](http://coredata.nyc)

Simultaneously, local and state governments, including New York City and State, are offering handsome sums of taxpayer dollars to attract large corporations to their regions.

These incentives are peddled in the language of job creation and community development, and are often connected to land use and zoning changes. However, the return on these multi-million dollar public investments rarely sees the pockets of local workers and residents or results in actual improvements, whether those be increases in real wages, safer working conditions or community development. Instead, what we are witnessing is a corporate-state fusion in a race to the bottom.

**Unemployment by Sub-Borough Area 2016**

Sub-Borough Area	Unemployment Rate
Brownsville/Ocean Hill	14.02%
University Heights/Fordham	12.74%
Morrisania/Belmont	11.63%
Highbridge/South Concourse	11.60%



## HIRE NYC – BUT NO PROMISES

The de Blasio administration attempts to connect communities of color and communities with high unemployment rates to jobs created by the NYC Economic Development Corporation (NYCEDC) through its *HireNYC* program. The standard workforce development goals of companies enrolled in the *HireNYC* program include: when hiring for five or more permanent jobs, filling 50% of new permanent jobs with members of a “targeted population;” retaining 40% of eligible employees recruited from the targeted population; and cooperation with the NYCEDC or another designated City agency to provide skills training or opportunities for higher education.

While *HireNYC* provides a general framework for local hiring, it has several key weaknesses including the lack of wage requirements, its failure to directly connect employers to workforce CBOs, and the lack of consequences for employers that do not hire from amongst the targeted population.

## NEW YORK WORKS FOR SOME, BUT NOT FOR ALL

Mayor de Blasio's \$1.4 billion *New York Works* plan focuses primarily on job creation in the tech, life sciences, and other STEM sectors.<sup>11</sup> As the Association for Neighborhood and Housing Development (ANHD) noted in a 2016 report, "a tech-centric strategy will not address the tale of two cities that continues to leave behind communities of color from accessing economic opportunities and growth."<sup>12</sup>

The tech sector in particular is notorious for racial and gender inequity.<sup>13</sup> Some observers have noted that Mayor de Blasio's assertion that it is a growing sector in New York is overblown,<sup>14</sup> and others still fear that an overreliance on tech will lead to increased inequality in New York City.<sup>15</sup>

## MEET THE NEIGHBORS: INCOME INEQUALITY IN TECH'S BACKYARD

In Chelsea, where both Google and Facebook have offices and Apple has a mega-store, the income disparity between public housing residents and newcomers is acute. While the average household income in the neighborhood has grown to over \$140,000 per year, the income of poor households has stagnated at \$30,000 annually. In fact, as reported by the *New York Times*, Chelsea ranks among the neighborhoods in the city with the greatest income inequality.

This phenomenon has presented unique challenges for low-income families in the Chelsea neighborhood. Since the area-wide income is so high, City agencies do not prioritize the neighborhood for programs, services, funding, or income-based support for families in need. As a result, public housing residents in Chelsea are left clamoring for resources and advocates are forced to make the case for funding social services and economic programs in the community.



## A VISION FOR THE FUTURE OF WORK IN NEW YORK CITY

Any plan to address the unemployment crisis facing disenfranchised New Yorkers must provide economic opportunities for communities of color, poor and low-income communities, and neighborhoods that have been either left behind or pushed around by capital investment for too long. We need a more equitable approach that benefits existing New York City residents, not just Stanford graduates looking to create the next Snapchat.

Four years ago, Mayor Bill de Blasio unveiled his Career Pathways proposal – a plan to transform the public workforce system. The plan calls for shifting away from reliance on rapid attachment to low-wage jobs and promises to invest \$60 million dollars annually in bridge programs – those that help the most marginalized New Yorkers get the skills to earn good paying jobs. While the de Blasio administration pays lip service to these Career Pathways goals in *New York Works*, the proposal remains largely unfunded. Instead, de Blasio continues to court big corporate actors to drive economic growth in New York. These companies are ill equipped to implement a "jobs" program that is equitable.

What follows are our recommendations for policy programs and priorities that can begin to transform the future of work in New York City, enable communities to benefit from job opportunities created by economic development, and ensure that corporations receiving subsidies create good jobs.

## FUND A PEOPLE-DRIVEN JOBS PROGRAM IN THE CITY BUDGET

In the Fiscal Year 2020 budget, the NYC Council and the Mayor should fully fund the bridge programs promised under Career Pathways<sup>16</sup> with \$60 million annually going toward basic skill building and vital education for New Yorkers that face barriers to employment.

The \$1.4 billion being allocated for the NYCEDC's *New York Works* program<sup>17</sup> should be aimed at neighborhoods with the highest unemployment rates. For example, neighborhoods such as Brownsville, University Heights, Morrisania/Belmont, Highbridge, Kingsbridge Heights and Mott Haven all have unemployment rates of more than 10% – over twice the citywide unemployment average of 4.3%. The billions of dollars spent by the City in economic development subsidies and financial incentives for wealthy corporations should be reinvested in job readiness and public education programs, including union-sponsored workforce development programs and apprenticeships for residents of these communities.

**Any plan to address the unemployment crisis facing disenfranchised New Yorkers must provide economic opportunities for communities of color, poor and low-income communities, and neighborhoods that have been either left behind or pushed around by capital investment for too long.**

## GREATER TRANSPARENCY AND ACCOUNTABILITY IN JOB CREATION

The City must safeguard taxpayer dollars and transform its relationship with wealthy corporations by establishing formal mechanisms to ensure corporate accountability, community oversight, and transparency.

Three bills passed by the City Council in December move the City closer to this goal. Local Law 2017/220 requires agencies administering economic development benefits to provide fiscal impact statements, which include job creation estimates for the first year of a subsidized project. Local Law 2017/221, introduced by NYC Council Speaker Corey Johnson, requires agencies administering economic development benefits to report on its efforts to recover funds from any third party that received financial assistance but failed to meet the terms of a project agreement. Local Law 2017/222 gives the City Council an opportunity to comment on proposed economic development agreements by mandating that the NYCEDC provide project descriptions and budgets to the Council at least 30 days before the agreement is finalized.

While these efforts represent a significant step forward, the City must do more to ensure that job creation benefits the communities most in need. A further step should include the issuance of annual public reports by the Department of Small Business Services on the number of jobseekers it has served (via either job placement or connections to training) who fall in each high-unemployment population: youth, recent immigrants and english-language learners, people with disabilities, with criminal justice histories, or with limited work experience or educational attainment.

## ADOPT AN EQUITY FRAMEWORK FOR THE NYCEDC AND HIRE NYC

The City should build equity and diversity considerations into any RFP or RFQ from the NYCEDC. While the *HireNYC* program articulates noble and seemingly ambitious equity goals, the program's accountability mechanism remains unclear, there are no assurances that economically disenfranchised New Yorkers are equipped for or guided toward long-term, career oriented jobs, and covered businesses are only required to comply with the program for eight years.



To strengthen *HireNYC*, companies receiving subsidies from the City (through NYCEDC RFPs or RFQs) should be required to fill and retain at least 50% of new positions or open positions from communities with the highest unemployment rates, CUNY graduates, and NYCHA residents.

## CONCLUSION

The gentrification of jobs represents a new barrier for poor and low-income New Yorkers who have been left out of the City's employment gains over the last few years. To prevent the next chapter in New York's "Tale of Two Cities," Mayor de Blasio must invest in training, education, and union apprenticeship programs that lead to good paying, permanent jobs with a real pathway to the middle class for New York's low-income communities of color that are struggling with the highest rates of unemployment.





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